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ABSTRACT

This document records the oral and written testimony given by witnesses at a series of three Congressional hearings conducted in 1993 to review federal retraining programs for dislocated workers. Witnesses included representatives of federal and state agencies, and Private Industry Councils. Witnesses testified about their programs and what has worked and has not worked in their efforts to retrain dislocated workers. The existing programs were described and suggestions made for improvements, including putting programs in place before layoffs, and shortening the timeframe for retraining programs so workers can afford to complete them. However, according to witnesses, whatever successes have occurred have been tempered by the sluggish economy and the reality that most of the new jobs for which workers can be retrained pay substantially less than the jobs they have lost. (KC)

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ED 372 258

OVERSIGHT HEARINGS ON DISLOCATED WORKERS

HEARINGS

BEFORE THE

SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

HEARINGS HELD IN WASHINGTON, DC, APRIL 20, JULY 29, AND SEPTEMBER 20, 1993

Serial No. 103-38

Printed for the use of the Committee on Education and Labor

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CONTENTS

Page

Hearings:

Washington DC, April 20, 1993 1
Washington DC, July 29, 1993 143
San Francisco, CA, September 20, 1993 339

Statement of:

Bischak, Gregory, Executive Director, National Commission for Economic Conversion and Disarmament, Washington, DC 164
Corrigan, Dr. Robert A., President, San Francisco State University 342
Curran, Michael, Director, North Valley Private Industry Council (NOVA) Job Training Consortium 387
Dickinson, Katherine P., Ph.D., Social Policy Research Associates 353
Elton, Eunice, President, Private Industry Council of San Francisco, Inc. .. 417
Golding, Carolyn M., Acting Assistant Secretary Employment and Training Administration, U.S. Department of Labor, Washington, DC 19
Hamburg, Hon. Dan, a Representative in Congress from the State of California 349
Hanoski, Jerry, Executive Director, Western Wisconsin Private Industry Council, La Crosse, WI 200
Miller, Hon. George, a Representative in Congress from the State of California 341
Miller, J.T., Napa-Solano Counties Central Labor Council AFL–CIO 349
Nagle, Thomas P., Director, California Employment Development Department 396
Smith, Ralph E., Chief, Employment and Income Security Unit, Human Resources and Community Development Division, Congressional Budget Office, Washington, DC, accompanied by Murray Ross, Principal Analyst, Congressional Budget Office, Washington, DC; Katherine P. Dickinson, Social Policy Research Associates, Menlo Park, CA; and Walter Corson, Vice President, Mathematica Policy Research, Princeton, NJ 48
Starr, Al, Executive Director, Seattle/King County Private Industry Council, Seattle, WA 188
Tetro, Charles, President, Training and Development Corporation, Bucksport, ME 212
Watkins, Admiral James, Former Secretary of Energy and Chief of Naval Operations, Washington, DC 146

Prepared statements, letters, supplemental materials, et cetera:

Bischak, Gregory, Executive Director, National Commission for Economic Conversion and Disarmament, Washington, DC, prepared statement of .. 166
Corrigan, Dr. Robert A., President, San Francisco State University, prepared statement of 345
Corson, Walter, Vice President, Mathematica Policy Research, Princeton, NJ, prepared statement of 98
    Response to written questions from the subcommittee by 108
Curran, Michael, Director, North Valley Private Industry Council (NOVA) Job Training Consortium, prepared statement of 389
Dickinson, Katherine P., Ph.D., Social Policy Research Associates, prepared statements of:
    April 20, 1993 68
    September 20, 1994 356
    Response to written questions from the subcommittee by 444
Elton, Eunice, President, Private Industry Council of San Francisco, Inc., prepared statement of 421

Page
Prepared statements, letters, supplemental materials, et cetera—Continued
Employment Training Panel, Sacramento, California, prepared statement of 458
Golding, Carolyn M., Acting Assistant Secretary Employment and Training Administration, U.S. Department of Labor, Washington, DC, prepared statement of 22
Green, Hon. Gene, a Representative in Congress from the State of Texas, prepared statement of 326
Hanoski, Jerry, Executive Director, Western Wisconsin Private Industry Council, La Crosse, WI, prepared statement of 202
Klink, Hon. Ron, a Representative in Congress from the State of Pennsylvania, prepared statement of 145
Mexican American Legal Defense and Educational Fund, Washington, DC, prepared statement of 120
Miller, J.T., Napa-Solano Counties Central Labor Council AFL-CIO, prepared statement of 352
Nagle, Thomas P., Director, California Employment Development Department, prepared statement of 398
Response to written questions from the subcommittee by 446
Outplacement Industry Coalition, prepared statement of 334
Payne, Hon. Donald M., a Representative in Congress from the State of New Jersey, prepared statement of 334
Private Industry Council of San Francisco, Inc., San Francisco, CA, prepared statement of 449
Smith, Ralph E., Chief, Employment and Income Security Unit, Human Resources and Community Development Division, Congressional Budget Office, Washington, DC, prepared statement of 50
Starr, Al, Executive Director, Seattle/King County Private Industry Council, Seattle, WA, prepared statement of 191
Additional material submitted for the record by 221
Tetro, Charles, President, Training and Development Corporation, Bucksport, ME, prepared statement of 214
U.S. Department of Labor, Washington, DC, responses to subcommittee questions 4
Watkins, Admiral James, Former Secretary of Energy and Chief of Naval Operations, Washington, DC, prepared statement of 149
Williams, Hon. Pat, a Representative in Congress from the State of Montana, prepared statements of:
July 29, 1993 144
September 20, 1993 340
Woolsey, Hon Lynn C., additional material submitted for the record by 264

OVERSIGHT HEARING ON DISLOCATED WORKERS

TUESDAY, APRIL 20, 1993

House of Representatives,
Subcommittee on Labor-Management Relations,
Committee on Education and Labor,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:40 a.m., Room 2175, Rayburn House Office Building, Hon. Pat Williams, Chairman, presiding.

Members present: Representatives Miller of California, Martinez, Payne, Klink, Green, Woolsey, Romero-Barcelo, Roukema, and McKeon.

Staff present: Jon Weintraub, staff director; Fred Feinstin, chief counsel; Gail Brown-Hubb, staff assistant; and Paula Larson, staff assistant.

Chairman **Williams**. I call this hearing of the Labor-Management Relations Subcommittee to order. I'm pleased today to begin the review of America's retraining programs. Before we look at reform, the subcommittee believes we must consider what our investments to date in retraining have yielded.

We approach this subject in several contexts. First, the ever decreasing real average hourly earnings. Second, a significant lack of job growth coming out of this recession when compared to prior recessions. Third, a structural unemployment problem in which only 14 percent of the unemployed expect to get their old job back during this recession. By the way, that 14 percent compares with an average of 44 percent over the past four recessions.

And finally, we consider this matter in the context that 18 percent of the full time workforce are earning wages below the poverty level for a family of four. So, we have a dismal economic picture, and the unemployed have a dismal economic picture as they approach the options in front of them for retraining.

Our purpose today is oversight. This committee wants to know what has worked among the variety of programs available to the Nation's dislocated workers, what can we learn from the Federal retraining efforts to date. I do want to be frank and tell you from the start that I am skeptical about the success of America's retraining efforts.

And let's consider this, even if given the facts—these four facts that I place before you—even if our training and retraining efforts were successful, where are the jobs for those folks? Where are they now, where are they going to be in the future? Did you see that movie, A Field of Dreams, "Build it and they will come?" Well, this Nation is beginning to act as if we train them, the jobs will suddenly come. And I wonder if we have to rethink that.

And if we do, then we rethink very basically how our job retraining efforts from the Federal Government need to be structured.

Today, we will hear from the Department of Labor, who will describe the status and results of the programs they administer, and then we will hear from the study leaders of the major research efforts examining these programs. The statements of all of our witnesses will be included in their entirety in the hearing record, as will the statements of any members who wish to present them to the Chair.

Now let me turn to our friend and ranking member of the subcommittee, Congresswoman Roukema. Marge, it's nice to see you this morning.

Mrs. **Roukema**. Thank you. Thank you, Mr. Chairman. It's good to be back. This is an eye-opener today. If I thought we were still in recess, this will throw some cold water in our faces, won't it?

Mr. Chairman, I do want to—by that, I don't mean that in a derogatory way, I think you have outlined precisely the situation, and I'm going to ask that in light of your comments, if I could ask unanimous consent to have my opening statement inserted in the record.

Chairman **Williams**. Without objection.

Mrs. **Roukema**. I'd like to make some observations as to what you said, despite the fact that I have to leave this morning because there is a conflict with an important meeting with Secretary Riley. Republicans will be meeting with him, and I regret that I have to leave.

But Mr. Chairman, I want to tell you that I agree wholeheartedly with what you have said. You have alluded not only to the structural unemployment problem, I would also add that the effects of NAFTA, if they are implemented, will add in yet unknown ways to the dislocation. Whether it's significant and long term or not, it is going to add in significant ways to the structural unemployment problem and the challenges of retraining.

But I agree with you, and have said so for a long period of time, that it's well and good to talk about retraining, but I don't know where the jobs are, good quality jobs are for that retraining. It's one of the reasons I've come to the conclusion that we need more of a save-and-invest policy in this country than perhaps some of these other programs.

However, that having been said, I will acknowledge, as I believe you have, that given the circumstances of our training programs and so many that are overlapping, that this is an appropriate time for us to look at those programs and see how they can be more efficiently delivered given the circumstances we are faced with.

I also want to acknowledge—and I'm sorry that I won't be here when we have, I believe, representatives here who are going to testify on a program that is operating in New Jersey, is that not correct, conducted by Mathematica. It is a reemployment demonstration project. I hope, certainly, to read the testimony and establish a good relationship with that group and I would hope that they would invite me down to visit with them and talk at greater length about the progress of their program. It is innovative. I'd like to say that New Jersey is noted for their innovation, and usually we are on the cutting edge of issues of this kind.

Thank you, Mr. Chairman.

[U.S Department of Labor answers to subcommittee's questions follows.]

U.S. Department of Labor

Office of the Assistant Secretary for
Congressional and Intergovernmental Affairs
Washington, D.C. 20210

May 13, 1993

Mr. Jon Weintraub
Staff Director
Subcommittee on Labor-
   Management Relations
320 Cannon House Office Building
Washington, D. C. 20515

Dear Jon:

As followup to the April 20th hearing, enclosed are questions posed at the hearing and ETA's responses. Also enclosed per the Subcommittee's request, are copies of the Questions and Answers requested and submitted prior to the hearing which were not addressed during the hearing.

Please let me know if you have questions or need further information. I can be reached on 219-6141.

Sincerely,

Gerri Fiala

GERRI FIALA

Enclosure

Q. Is the Department still providing training to workers dislocated as a result of businesses relocating overseas with support from the Agency for International Development?

A. To our knowledge, the Job Training Partnership Act has not in the past, nor is it now, providing retraining assistance to workers dislocated by companies receiving some sort of government assistance to relocate outside the United States.

Q. Please provide information on an actual early intervention model for a base closing.

A. One example of an actual early intervention is the base closing at England Air Force Base (AFB).

- In June 1991, the U.S. Department of Defense announced the closure of England Air Force Base (AFB) in Alexandria, Louisiana. The base was the largest employer in Alexandria and the surrounding Rapides Parish. The base was scheduled to close on December 15, 1992, and approximately 1,096 workers were expected to be affected by the closure.

- On March 4, 1992, a Defense Conversion Adjustment (DCA) grant for $1.2 million was awarded for the purpose of serving workers dislocated from the base. A total of 558 civilian and military employees at England AFB were projected to be served by Project ReDirections during the grant period, January 15, 1992 through January 31, 1994. (The grant has since been extended through January 31, 1995.)

- The ReDirections Center was established on the base on January 15, 1992 to provide services to affected workers. The Rapides Parish Police Jury received the plans for the project and endorsed the ReDirections Center. The Private Industry Council (PIC) formed an ad hoc committee to deal with the base closure. This advisory committee to the PIC set priorities, facilitated coordination, developed marketing strategies, assessed labor market information, and evaluated training proposals. The committee also was responsible for oversight of the project. The project design was approved and was supported by the Louisiana Employment and Training Council (otherwise known as the State Job Training Coordinating Council). A Job Specialist from the Louisiana Job Service Office in Alexandria was outstationed as a regular member of the on-site project staff. A computer terminal and line hook-up to the Job Service mainframe was installed at the Center on the base. The computer terminal provided access to both State and nationwide job order files. A labor/management committee was formed and met on an as-needed basis at a designated location at the ReDirections Center.

- The substate area (SSA) identified eligible groups of individuals to be served through review of the following documents: official written notice of layoff which included the civilian employee's name; a listing issued by the base which identified both military and civilian employees who were to be affected by the reduction-in-force; a priority of service plan and most-in-need policy developed by the SSA; and a base listing of civilian employees who were seeking transfer (i.e., were on the priority placement list).

Civilian employees were given official written notice stating their employment would be terminated on or before December 15, 1992. The U.S. Air Force also furnished a letter for military members who were separating or retiring.

- A number of approaches were used to make workers as well as local employers aware of the program. Participation in job fairs, media coverage using local newspapers, magazines, radio and television stations, newsletters and brochures have been utilized in this effort.
- Basic readjustment services, relocation assistance, and retraining services have been provided on-site. Skill training for other occupations has been provided through vocational schools in the area and through on-the-job training. Participant support has been provided, as needed.
- Through the end of March 1993, 141 individuals have been enrolled under the grant. Thirty-three persons have terminated from the program and all have been placed in unsubsidized employment. One hundred seventy-seven of the civil service personnel were placed in other employment through the Department of Defense Priority Placement Program.

Due to changes in the legislation, early intervention can begin even sooner than before. Previously, eligibility for services under the Defense Conversion Adjustment (DCA) Program was based on the receipt of a notice of termination, or a Certification of Expected Separation which can be issued up to six months prior to the expected date of separation under revised OPM regulations. Under the National Defense Authorization Act for Fiscal Year 1993, the DCA program was amended to allow civilian employees of the Department of Defense employed at a military installation slated to be closed or realigned to be eligible to receive services beginning 24 months from the date that the installation is to be closed or the realignment completed, if they have not received notice described above prior to that time.

4/21/93 - Question from Ms. Woolsey

Q: What is the average wage rate for females entering employment following their termination from a dislocated worker program compared to their average wage rate in their last job prior to becoming a dislocated worker?

A: Currently, the only information we have in this area is obtained from the Job Training Quarterly Survey (JTQS) report. The JTQS estimates the Average Hourly Wage at Termination as follows:

	Men	Women
Program Year 1991	$9.07	$7.37
Program Year 1990	$8.97	$7.12

The JTQS does not collect information on average pre-program wage.

We expect the information you requested to become available with the implementation of the Standardized Participant Information Record (SPIR) reporting system. This new system of information collection will replace our current Worker Adjustment Program Annual Report (WAPR), from which we currently obtain data on participant characteristics. The SPIR system is currently being implemented.

The most recent official data we have on the types of information requested (characteristics, wage rates) is as of June 30, 1992. We receive this information on an annual basis on the WAPR. Last year, 189,395 participants were terminated, of whom 45% were women. Of total terminees, the average wages were:

Pre-program:	$ 9.69
At termination:	$ 8.49
At follow-up:	$ 8.75

Q. Please provide for the record the responses to the other questions prepared by the committee and submitted in advance to the Department of Labor.

A. Attached are the responses for the questions which were not addressed during the April 20 hearing.

QUESTION: You mention that EDWAA includes incentives for workers to begin training early in their spell of unemployment. What are they?

RESPONSE:

- The chief incentive that EDWAA provides is that through rapid response, workers can receive information, counseling and guidance before they are actually laid off.
- Due to the Department's emphasis on long-term training, there is incentive for the substate areas to get participants into training as quickly as possible, in order to make full use of UI payments before they run out.
- Despite the fact that needs-related payments are not widely used, participants are only eligible for these payments if they are enrolled in training within the first 13 weeks of their UI spell.

QUESTION: You cite that the Clean Air program and the Defense Diversification program provide more generous income support than EDWAA. Could you explain. Is it just that grant applications must include assurances that there are needs-related payments?

RESPONSE:

- Under the Clean Air and Defense Diversification programs, it is a requirement to provide needs-related payments to all participants who are enrolled in training.
- In the Trade Adjustment Assistance program, retraining and needs-related payments each consumed 50% of available funds. Given the level of expenditure that would be necessary to provide needs-related payments at the local level, most substate areas have chosen not to provide these payments at all.
- As of July 1, 1993, cost limitations will no longer apply to National Reserve grants, therefore discretionary projects will not be limited to the 25% limit which previously applied to needs-related payments.

QUESTION: Why is only 7% of the funds being spent on supportive services and needs-related payments? Is the ratio of spending 52% on training and 7% on needs-related payments and supportive services about right? If not, what is the Department doing to encourage a different approach?

RESPONSE:

- The Department believes that there is an unmet need for more needs-related payments and supportive services for dislocated workers.
- Because unlimited resources are not available, States and substate grantees must make decisions every day regarding the most effective use of the funds to serve the eligible population. These decisions are reflected in the expenditure rates. A change in the needs-related payments and supportive services would require a reduction in the expenditures for other activities such as basic readjustment services.
- The Administration's 1994 budget request includes sufficient funds to allow for necessary needs-related payments and supportive services for all participants.

QUESTION: On page one of your JTPA Title III national analysis tables, spending of formula funds as a percent of total availability (line 19) averaged 83% while discretionary spending as a percent of total availability (line 30) averaged only 33% during the five program years cited. Could you explain the low spending rates for discretionary funds?

RESPONSE:

- The discretionary grants are awarded for projects that deliver services for 18 months or longer. There is no expectation that the funds will be fully expended by the end of the program year.

- Further, discretionary funds are awarded during the program year to respond to needs that cannot be met with formula funds. Therefore, by design, most of the awards are at the end of the year, with little or no opportunity for expenditures during the year of obligation.

QUESTION: It appears that about $26 million (line 31) was returned unspent to the Treasury during the five years or on an average of $5 million per year. While this is a small percentage of the total appropriation for those five years, are there steps you can take to avoid this in the future? Do you need legislative action to strengthen your hand?

RESPONSE:

- The Department is continuing to work with the States to effectively and fully utilize the funds available through the discretionary grants. The unspent funds in question generally represent not only a "small percentage of the total appropriation", but also reflect very small amounts from a number of grants rather than a substantial amount from one or two grants.

- Further, the amount shown as deobligated during PY 1990, which is almost 3 times the amount for the other years and represents more than one-third of the total amount of unspent funds in question, reflects the under expenditure of discretionary funds during the transition period of PY 1988 and 1989. That transition period from the old Title III program to the new EDWAA amendments required a new focus on expenditure of formula funds with the threat of reallotment for those States that did not meet an 80 percent minimum expenditure rate, and a substantial increase in the total discretionary funds available from about $87.3 million to over $125 million.

QUESTION: Do you have any evidence of the defense funds being used for conversion of a business that may otherwise close?

RESPONSE:

- Except for demonstration programs, the law does not permit funds to be used for this purpose.
- A demonstration project in Pima County, Arizona is using defense conversion funds for averting dislocations. This project will target employees of Sargent Controls, whose current production is almost entirely concentrated on parts for the SEAWOLF class submarine. Sargent has conducted initial research suggesting that a potential new market exists if its product can be adapted for use in nuclear reactors.

QUESTION: How will DCA and Defense Diversification be coordinated? Can reimbursement be made for rapid response in defense diversification?

RESPONSE:

- DCA and Defense Diversification are similar programs that will be administered by the same office. Applicants are expected to submit an application for only one program, but since the process will be the same, the Department will, if necessary, consider the application under any of the existing guidelines, including the regular EDWAA discretionary account, for which the process and rules are also basically the same.
- In response to the second question, yes, reimbursement can be made for rapid response in the Defense Diversification Program.

QUESTION: You state that $100 million is available for obligation through September 30, 1993, for defense conversion. Wasn't that availability extended to September 30, 1997, in P.L. 102-368 in the Dire Emergency Supplemental?

RESPONSE: Yes, Mr. Chairman, you are correct.

Chairman **Williams**. Thank you.

Mr. Klink.

Mr. **Klink**. Thank you, Mr. Chairman. First of all, I'd like to start off by associating myself with your comments, and those of the gentlelady, Mrs. Roukema. I agree with both statements.

I am pleased the subcommittee has decided to examine worker training and retraining. This area has been a concern of mine for some time, coming from the Pittsburgh area, what is commonly known as the Rust Belt.

I believe that today's workforce is not being trained for today's jobs. Too often there is a mismatch between the workers and the jobs, and the current economy. I'll vary from my prepared statement, Mr. Chairman, just to tell you that late last week I met with people from a company in my district. They wanted to meet with me on a problem that they were having, which I think we can help them with. And I said, "Well, look, I have to think that you're in a business that can expand and create jobs." And they said, to my shock and amazement, "That's true. But we cannot find workers in our area."

With 25 percent unemployment, they couldn't find a workforce that was adequately trained to do the work that they need to have done. And they quickly named off a list of about a dozen or so other companies in our area that have the same kind of problems. We are currently putting together a conference to address that with them and with the schools, both proprietary and secondary, in the area. They are trying to find out why that is. If the jobs are there, we want our people to have them.

In addition to this problem, according to the Pennsylvania Department of Labor and Industry, there are now over 120 Federal employment and training programs spread out over at least 14 different agencies. Just in the Job Training Partnership Act, which we're looking at today, I count some 14 programs. That, to me, is ridiculous.

I'm encouraged that the Clinton administration is working on consolidation of training programs. I'm also pleased that the President and Secretary Reich are also increasing the monetary investment in worker training. I believe that both are a must if America's economy is to remain competitive. I hope that we can add something to the consolidation effort today and in the future, and I look forward to the testimony and hope that the future hearings on job training will be very successful.

Thank you, Mr. Chairman.

Chairman **Williams**. Thank you.

Mr. McKeon, opening statement.

Mr. **McKeon**. Thank you, Mr. Chairman. I'm interested in this program. In our area we have a great dependence on the defense industry, and with the cutbacks there we have a high unemployment.

I have established in our district a Defense Conversion Task Force, and I met with them while I was in the district over the recess. They are working hard there to establish areas where we can communicate back and forth.

One of our local companies, H.R. Textron, has put together a defense conversion program. They met with President Clinton's group out there Friday, I believe it was. They're asking for help out of the $1.5 billion that was provided—the $500 million that was set up for projects of this type.

I, also, apologize for having to leave for the meeting with the Secretary, but I appreciate you coming here to testify on this today. We will review the testimony, and want to participate however we can in this program.

Thank you.

Chairman **WILLIAMS**. Thank you, Mr. McKeon. We appreciate you and Mrs. Roukema both coming by. We apologize to the witnesses—but we recognize that we can't always schedule or adjust the time of this subcommittee hearing and require that there be nothing else going on on the Hill that might take people away. But the Republicans are going to be with the Secretary of Education, and for the most part they won't be here today.

Mr. Romero-Barcelo.

Mr. **ROMERO-BARCELO**. Thank you, Mr. Chairman. This is a great concern to many of us throughout the Nation. In Puerto Rico we have a problem with dislocated workers, and when I was governor the tourist industry suffered the setback for quite a while and we couldn't find, at that time, any Federal funds or programs available for the training of the workers. We had to start programs of our own to train the workers, dislocated workers.

One of the problems—and I agree with Mr. Klink—is that there are quite a few programs spread around, and sometimes they're hard to locate and they are very difficult to find out how to get the money.

If they could all be put together under one agency, one-place shopping would be the best service that we could do to the dislocated workers. The way it is right now, I think it's difficult to get any real results. So, I'm glad to see that we're addressing this problem now.

Chairman **WILLIAMS**. Thank you. Our first witness today is the Acting Assistant Secretary for Employment and Training, Carolyn Golding, from the Department of Labor. I see you have with you Mr. Colombo, Bob Colombo, with whom I visited not too long ago. He was kind to come up to my office. It's nice to see both of you here. Madame Secretary, please proceed.

STATEMENT OF CAROLYN M. GOLDING, ACTING ASSISTANT SECRETARY EMPLOYMENT AND TRAINING ADMINISTRATION, U.S. DEPARTMENT OF LABOR, WASHINGTON, DC

Ms. **GOLDING**. I'm pleased to have this opportunity to appear here. My written statement and some additional materials that we supplied last week attempted to respond to the questions that you raised in your letter. If I might, I'd just like to highlight a few points.

We did, in our materials, present an overview of the existing dislocated worker programs that we're administrating, discuss the status of the expenditure of funds, the time required for the award of discretionary grants, and the characteristics of people being served by the Economic Dislocation and Worker Adjustment Act, as well as the services provided to them and the program outcomes.

And I'd be happy to answer questions on the detailed information that we have provided to you.

On the last point, the program outcomes, it may be worth noting that for the latest completed program year, which ended June 1992, 68 percent of the Economic Dislocation of Worker Adjustment Act, or EDWAA, program terminees entered a job as they left the program. And when we followed up 13 weeks later, 70 percent had jobs.

The average hourly wage rate for these employed workers started at $8.49, and at 13 week followup had risen somewhat to $8.75. The comparison, I think, would be to the average hourly wage and the jobs from which they were dislocated, which was $9.34. So that although these workers were employed, it was at a somewhat reduced hourly wage from the jobs they had left.

Your letter asked for an overall assessment of the effectiveness of each of the dislocated worker programs, and for our suggestions for revising these programs. The Department of Labor has commissioned studies of EDWAA and of the Trade Adjustment Assistance Program, including two of the three that you will be hearing about shortly, plus the evaluation of the Department of Labor demonstration in New Jersey of the reemployment demonstration project.

Let me mention the findings of some of these studies that we regard as most important. First of all, when Title III of JTPA became EDWAA in 1988 we had a substantial reorganization task facing us. And overall, I think, States and substate areas have put the delivery systems in place and are capable of reacting fairly promptly to notifications of layoffs and plant closures, and to reach a broad range of dislocated workers.

However, several problems have emerged which we are addressing. First, the need to better link our rapid response efforts to service provision. Second, the need for more expertise at the local level in assessing and planning services for experienced workers. And in some areas we have found that a problem is limited retraining options, particularly for higher level, higher skilled, higher paying occupations.

We recognize these problems and are attempting to address them administratively in the short term, and legislatively in the long term, as we develop a new program design.

As is pointed out by the CBO study, evaluations of demonstration programs for displaced workers suggests that job search assistance is a cost-effective strategy: A, because it's low cost; and B, because it can get, where it's successful, a worker back to work fairly quickly. The evidence on short term job training is mixed.

The TAA evaluations suggest that training received by TAA participants did not increase their average earnings in the first 12 quarters, after their first UI payment. In part, because of their investment decision to forego wages and go into training, and the fact that many trainees chose to enter training only after they were jobless for an extended period of time.

Also, TAA recipients who elected to go into training were more likely to switch industries and occupations. And for those who switched industries, trainees earned slightly higher wages than nontrainees.

Thus, we see that training appears to be a part of a transition process in which workers move from their old industry or occupation to a new one.

The studies make it clear that early intervention and rapid response are essential, and we're delighted that as part of the economic stimulus package that the UI profiling measure was adopted, which will make it possible for us to identify workers earlier in their spell of unemployment who are unlikely to return to their old jobs and occupations.

As you know, President Clinton has directed the Department to develop a legislative proposal for a comprehensive dislocated worker program that would address worker readjustment needs without regard to the cause of dislocation, whether it's NAFTA or other trade, defense, environmental protection, or any other cause.

In developing this proposal we're reviewing the many studies and recommendations that we have, including those of the witnesses who are testifying before you today. This will help us answer the questions that you pose. And in the design we will try to answer those about mix of services and a wide—and we're consulting with you, with members of the subcommittee as we develop the proposal. We've asked for a significantly larger amount of money for fiscal year 1994. We've requested $1.9 billion to provide comprehensive employment and training services.

With that, Mr. Chairman, I'll be glad to try to answer any questions that you might have. And Mr. Colombo, who, as you point out, has extensive and detailed knowledge of the program, is also available to answer your questions.

[The prepared statement of Carolyn M. Golding follows:]

STATEMENT OF
CAROLYN M. GOLDING
ACTING ASSISTANT SECRETARY
EMPLOYMENT AND TRAINING ADMINISTRATION
U.S. DEPARTMENT OF LABOR
BEFORE THE
SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS
COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES

April 20, 1993

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to appear at this oversight hearing on the Department's programs for aiding dislocated workers. I will briefly address each of the subjects listed in your letter of invitation.

The Department of Labor administers an array of programs that assist different segments of the dislocated worker population, including Unemployment Insurance, the Employment Service, Trade Adjustment Assistance, the Economic Dislocation and Worker Adjustment Assistance Act (EDWAA--Title III of the Job Training Partnership Act), the Clean Air Employment Transition Assistance Program, the Defense Conversion Adjustment Program, and the Defense Diversification Program.

Unemployment Insurance (UI) provides temporary wage replacement to eligible dislocated workers that allows them to look for a job and to participate in adjustment programs, such as job skills training, if necessary. The Employment Service (ES) serves as a clearinghouse for labor market information and provides individuals with job counseling, job development and job placement services. This assistance is available to all job seekers. The ES is useful as an assessment and referral agency, particularly for those who are readily employable.

EDWAA was created in 1988 when the Trade Act amended Title III of JTPA, replacing it with a new program for dislocated workers. EDWAA began operation in July 1989. It is a State grant program with a local delivery system. EDWAA is designed to serve any worker who is unemployed due to a plant closing or substantial layoff or is unlikely to return to his or her previous industry or occupation. Eligibility for EDWAA is not dependent upon the cause of dislocation. EDWAA provides a variety of responses to dislocation, such as on-site rapid response, utilizing specially trained teams, often before workers are actually laid off; basic readjustment services; retraining services; needs-related payments; and labor-management committees. EDWAA includes incentives for workers to begin their retraining early in their spell of unemployment.

Eighty percent of EDWAA funds are allocated to the States by formula. At least sixty percent of these funds are distributed to the local level, and not more than forty percent are retained for State activities, such as rapid response or supplementary formula grants to areas with special needs. The Governor is responsible for overall program administration, management, allocating funds to substate areas, and targeting funds to areas of major dislocations.

The remaining twenty percent of EDWAA funds are retained in a National Reserve Account, from which the Secretary awards special grants to States and regions experiencing major displacements, or for especially hard-hit workers or industries.

Two programs for special groups of dislocated workers have been authorized under the EDWAA title of the Job Training Partnership Act. The Clean Air Employment Transition Assistance Program, authorized in 1990, provides retraining and readjustment assistance, as well as needs-related payments needed to complete training, to workers dislocated by a decision to reduce employment as a result of a firm's compliance with the requirements of the Clean Air Act. The Defense Conversion Adjustment Program, authorized in 1991, provides retraining and readjustment assistance to workers dislocated by defense cutbacks. The Defense Diversification Program, which was authorized in 1992, provides retraining and readjustment assistance to workers and military personnel dislocated by defense cutbacks and closures of military facilities. This program also provides planning support and conversion assistance for diversification of affected facilities within an area impacted by reductions in military expenditures or closures of military facilities. Earlier this month, the Department of Defense transferred $75 million to the Department of Labor to begin the new program.

The Clean Air and Defense Diversification programs are similar to the comprehensive EDWAA program except that they provide more generous income support.

Mr. Chairman, your letter asked about the status of the expenditure of funds on a national, State and Substate Area (SSA) basis for each of the dislocated worker programs. For Program Year 1991, which ended on June 30, 1992, a total of $474.6 million was available to States and Substate Areas under the formula program. Of this amount, $410.5 million or 86% was expended during the Program Year. Some $64.1 million was carried over into the current Program Year.

Data on carryover by State is contained in tables that were transmitted to the Subcommittee on April 1. I would be pleased to make additional copies of this information available to you today. We do not routinely collect this data by SSA, but in response to the Chairman's letter, we have asked States to provide us with information on SSA expenditures as of December 31, 1992, which was half way through PY 1992. We can make this information available to the Subcommittee, but I would caution you that the information is preliminary and subject to change. It does give a rough indication of current SSA expenditure rates.

Data on the Title III National Reserve Account, Defense Conversion Assistance and Clean Air Employment Transition Assistance consists of Federal obligations. A total of approximately $132 million was available for the Title III National Reserve Account in PY 1992. Of this amount, $94.3 million has been obligated and another $12 million is for pending commitments, leaving a balance of $25.5 million. For Defense Conversion Adjustment, about $63 million of the $100 million available for obligation through September 30, 1993 has already been obligated; there is another $13 million for pending commitments, leaving a balance of $23 million. Another $50 million will be transferred from the Defense Department when it is needed. Finally, of the $50 million available for Clean Air Employment Transition Assistance through June 30 of this year, $48.7 million remains available.

You asked about the time required for the processing of discretionary grant awards. The Department's guidelines for applying for National Reserve Account funds state that the Department will make every effort to review and respond to such requests within 45 days of receipt of the application. An internal operational timeframe of 30 days for response to an application for funding has been established. Separate guidelines cover emergency requests for National Reserve Account funding, such as a natural or man-made disaster resulting in worker dislocation, or a plant closure or substantial layoff without advance notification to workers and the State. While the length of time required to process a particular grant varies, we have been making every effort to keep within these guidelines. Emergency requests for funding are usually processed within two weeks.

Where modifications are required by the Department, the grantee is generally allowed 30 to 60 days to respond. The grantee is also informed that the Department will respond to the grantee's response within 30 days of receipt of the required information.

Information on the characteristics of persons served by EDWAA, the services they were provided, and outcomes is contained in the tables that were transmitted to the Subcommittee on April 1. Both national and State data are included in the tables. However, the data are not separated into formula and National Reserve Account components. Data on the characteristics of persons served by the Defense Conversion Assistance and Clean Air Employment Transition Assistance programs will not be available until this summer.

There are no major differences in the characteristics of EDWAA participants based on whether they were in a formula program or a National Reserve Account program. With regard to your question about whether any groups are underserved, a comparison of PY 1991 Title III terminees with eligible displaced worker data produced by the Bureau of Labor Statistics shows that Title III serves those aged 45 and older and those who do not have a high school diploma at levels below their incidence in the eligible population. I would also note that in recent years younger dislocated workers have been a steadily declining proportion of those served, while the 30-54 year-old age group has steadily increased, reflecting the impact of recent dislocations on this age group. The proportion of those over age 55 has remained constant over time.

As is indicated in the tables already provided to the Subcommittee, in PY 1991, funding for the EDWAA formula program was spent on the following activities: retraining (52%), needs-related payments and supportive services (7%), administration (13%), rapid response (5%), and basic readjustment services (23%). All participants received basic readjustment services and 61% received retraining. About one-third of this retraining was for 26 or more weeks. Currently, we do not have data on the number of participants receiving needs-related payments. However, the new Standardized Program Information Reporting (SPIR) system, which was developed in conjunction with the Job Training Reform Amendments of 1992, includes this as a reporting item effective for PY 1992 reports which we will receive in November, 1993.

JTPA specifies that decisions on specific services, including the types of retraining to be provided, be made at the local level. We do not collect data on the specific types of retraining courses that are funded.

The tables we have provided the Subcommittee also contain outcome data for program terminees. In PY 1991, 68% of EDWAA program terminees entered a job. The entered employment rate at followup, 13 weeks after leaving the program, was 70%. The average hourly wage at termination was $8.49 and at followup was $8.75. This compares to an average hourly wage in the job of dislocation of $9.34.

Occasionally, economic circumstances change for employers who had expected layoffs to be permanent and laid-off workers are subsequently recalled. Three percent of the EDWAA formula program terminees and six percent of the National Reserve program terminees were recalled by their employers.

Mr. Chairman, your letter asks for an overall assessment of the effectiveness of each of the JTPA dislocated worker programs and for our suggestions for revising these programs. President Clinton has directed the Department of Labor, in consultation with other Departments and agencies, to develop a legislative proposal for a comprehensive dislocated worker program that will be able to address readjustment needs under NAFTA, Defense, environmental protection and the Clean Air Act, and any other cause of dislocation.

In developing this proposal, we are carefully reviewing the experience of current programs serving dislocated workers, and many studies and recommendations, including those of the witnesses who are testifying before you today. This will help us answer the questions you pose: whether to change the basic service delivery system, the most appropriate mix of services, as well as many other aspects of the program. We also are consulting with congressional members and staff, including members of this Subcommittee, and a wide variety of other interested parties as we develop the proposal. We welcome the views of members of this Subcommittee on the features of the new program.

The President's budget for Fiscal Year 1994 requests $1.9 billion to provide comprehensive employment, training, and support services.

Mr. Chairman, this concludes my prepared statement. I will now be happy to respond to any questions you or other members of the Committee may have.

Chairman WILLIAMS. Thank you. At the outset I want you to know how much we've appreciated working with you and your staff.

You stated in your testimony that the average hourly wage at termination was approximately $8.50, compared with the average hourly wage in the job of dislocation of $9.35. That's a loss of 85 cents an hour at a Federal investment of $2,500 per slot. So, for $2,500 we get 10 percent less wage. I suppose one thing to ask is, do we have any evidence we can demonstrate that the wage decline would have been greater without the investment? Before you answer that, let me tell you what CBO's testimony says.

"One to 3 years after being displaced, half of the workers who lost jobs during the past decade were not working, or were earning less than 80 percent of their old earnings. More than 25 percent were earning at least 5 percent more than their previous weekly earnings, and almost 20 percent had an increase in earnings of at least 20 percent."

Does the Department have anything to dispute that, or would you care to comment on the CBO analysis as you answer my question. Do you have evidence that the wage decline would have been even greater than 10 percent if we hadn't have had the job training investment?

Ms. GOLDING. No. I think the CBO testimony looks at the whole universe of dislocated workers, and looks at them after a 3-year period. We do not have 3-year follow-up data on dislocated workers served by JTPA. So no, we don't have the kind of evidence that you're looking for. Although, that's exactly the kind of evidence that we would develop as part of an evaluation of a dislocated worker program.

Chairman WILLIAMS. You mentioned the essential nature of rapid response, yet only 5 percent of the funds are on rapid response. What do the States tell the Department with regard to the reason that they're not spending moneys on rapid response?

Ms. GOLDING. We have been concerned about the utility—the amount of money and resource that is devoted to rapid response. And I think the process study by SRI noted that when resources get tight, those devoted to rapid response can shrink or be under pressure. Having identified this problem, we have been working with the States since near the end of program year 1991. So, beginning last summer, we devoted a great deal of time and attention to reviewing what was going on in the States, identifying the problems, helping the States to develop corrective action plans, and insuring that the rapid response efforts were beefed up.

The early figures that we have as of December 1992, which are only half of the following program year, indicate that more resources are now being devoted to rapid response, which is exactly the kind of trend that we would like to see and which we will continue to foster. We think early intervention and rapid response are essential features of a comprehensive program, and we plan to reflect that in the comprehensive program that we're working on.

Chairman WILLIAMS. As I think you know, the committee's concern with the length of time it takes for discretionary grants to be awarded—my understanding is that only about 10 percent of those grants are awarded in what would be an immediate timeframe—

and in Washington by immediate we mean a month to a month-and-a-half—and the rest of them go on for months, I'm told.

If that's true, what steps will the new Department be taking to alleviate what has become a fairly difficult situation for folks in the States?

Ms. GOLDING. I don't think the 10 percent is accurate. Our goal is to process all the proposals within a 45-day timeframe; to process emergency requests, for example, for natural disasters or other things, within a couple of weeks. And on the whole, I think we've been pretty good at meeting that target, with the exception of some exceptional circumstances. For example, in the transition from the prior administration to the current one, getting the processes in place delayed some proposals.

Generally speaking, we try not to delay our processing of a proposal because of a problem. If there is a problem, but the proposal is fundable, we prefer to go ahead and fund it and then ask for a modification to follow. But that doesn't stop the beginning of the program, because people need the services and we want the services to get out there as quickly as possible.

We are also very interested in responding promptly. And in the interests of keeping that elapsed time down, and because we've had many more emergency and discretionary requests this year than in the past, we're devoting more staff to reviewing the proposals so that we can deal with them more promptly.

We also have asked our regional offices to work with the States in the substate areas on the developments of proposals so that they will reach us in better shape.

Chairman WILLIAMS. The view of DOL is that proposals don't reach the Department in a proper condition. There are additional questions asked and rewrites required.

Is more staff going to mean more rewrites and more contact with the people in the States, and therefore, ever greater delay? Or is going to mean quicker handling of the applications? I have the sense it may mean a little of both.

Ms. GOLDING. Well, I think two things: Where we've identified problems that are fairly consistent from State-to-State, I think, making our guidelines a little more clear when we put them out each year. Second, where a problem is repeated in two successive State proposals, for example, or where there is a layoff anticipated and we can get either Mr. Colombo or someone from his staff to work with people before the proposal is finally completed, I think that's probably the most efficient use of our resources.

Similarly, the regional offices can do a fair amount of this, clarifying the guidelines and working with the States before an actual proposal is in the works. No, we're not trying to delay the time by having more editors in the review process, but rather, to be a little bit more anticipatory.

Chairman WILLIAMS. I don't mean to advise that the committee believes that the purpose of more staff is to delay the time. I know that is not the purpose. But as we've learned through the years, in big business and big government, unintended consequences are common. That is the purpose of my question.

Finally, let me ask this. You mentioned in your testimony that the Clean Air funds will be available only through June 30. Are you going to ask for a reprogram of those, or an extension on the availability of those funds?

Ms. GOLDING. No. We can't do a simple reprogramming because that's a standalone appropriation. However, although the current $50 million expires as of June 30, there is an appropriation for the next program year beginning July 1. So, there will continue to be $50 million a year available.

Chairman WILLIAMS. Then you intend to simply see a return of all or most of that $50 million to the Treasury?

Ms. GOLDING. Yes, sir.

Chairman WILLIAMS. Thank you.

Mr. Klink.

Mr. KLINK. Thank you, Mr. Chairman. Ms. Golding, you mentioned—and I was surprised at the figures—the fact that 68 to 70 percent of the terminees find placement. I was, quite frankly, surprised that it was that high because I hear from the 30 to 32 percent that don't find it after they go through training. Obviously, I think we all do.

Are you happy with that sort of result, or how does that fit in the grand scheme of the way you would like to see these programs work?

Ms. GOLDING. Well, we would like to see that percentage go up. I'd like to think that we would be around 90 percent. To reach that goal, I think we're going to have to do a better job of identifying the jobs that are available in the labor market, assessing realistically a person's chances of training for those jobs. And then developing a plan and assigning that person to the kind of training track that will make that possible, whether that means going to a community college and training for a certified or licensed occupation, or whatever it takes.

Generally speaking, we've seen an increase in the duration and intensity of training over the life of the EDWAA program. And the evidence that we get tells us that short-term training interventions probably won't do the job, particularly for someone who is going to change occupations and industry. And we're looking toward increasing the intensity and investment in an individual's training. But to do that effectively we have to be sure we're training for a job that is realistically going to be available, and that it's a realistic prospect for the person who is being trained.

Mr. KLINK. Not to put you on the spot, but I truly don't understand this—in all the town meetings that I've had and the whole time that I've been running, in my other life, before Congress—how do you realistically do that? It's got to be a difficult job.

How do you ascertain what sorts of jobs you're going to train these people for? I mean, is there some coordination with the Commerce Department or someone else where you make—are you able to make some kind of a projection as to where the economy is going and where the opportunities are going to arise?

Ms. GOLDING. I think there are two or three levels, I guess, I would point to of labor market information. One of them is looking in the immediate local area, what jobs are available today. And for a lot of experienced workers moving is not an option. Mobility—relocation may be a theoretical option, but their family obligations and mortgages mean that it's not realistic.

So, most frequently we're looking in the community area at what is available now, or is going to be available within the next year or so. And the best sources for information on that are the State level economic development, as well as State level and local labor market information that comes from employers about jobs that are available now and are anticipated to be available.

There are some other mechanisms. The Interstate Job Bank, which lists jobs nationwide. And those tend to be jobs that have higher qualifications, where employers are encountering difficulty. Our brokers for a lot of this are the local employment service, which produces labor market information. And beyond what that can tell us, the private industry council, which is business dominated, in the local area is a good source for information.

Mr. **Klink**. What stands in the way, then, of being able to turn those figures up from 68 to 70 percent by doing the things that you just described for me in a better manner? I mean, concentrating in a better form and getting us up to 75, 80, 90 percent?

Ms. **Golding**. I think better forecasting, better numbers, and also, better planning. We may have—we and the worker, jointly, the service planner, may have made a decision that really wasn't so appropriate. And either the training failed or the worker decides that that occupation is not it, after all. There are a lot of variables.

But I think many of those can be taken care of in the service planning process. Honestly assessing interests and the ability to make the change is part of it.

Mr. **Klink**. I have a mixed reaction when you start talking about retraining workers under Defense Conversion. I come from an area, again, where we have been called the "arsenal of democracy." And a lot of what remains of the Pittsburgh area are specialty type subcontractors for defense industry people that are very specialized at what they do. They are becoming displaced workers.

If and when we ever need these people again, I don't know where we're going to find them, because these are the folks that were trained when Westinghouse and U.S. Steel and everybody else had these huge machine shops. And as these people are phased out of their jobs because of defense cutbacks, I have some real problems with how in the world we're ever going to retrain them again.

Do you have any thoughts on that from the Department of Labor? Any shared concerns that, in fact, we're losing what could be a national treasure as far as a workforce that we really need to depend on in difficult——

Ms. **Golding**. We really don't have a direct precedent for the kind of dislocations you're talking about, except for in the late 1960s and early 1970s, the displacement of scientists and engineers. And all those people did finally settle in different sectors of the economy. But when we began retooling in the defense industry—and we saw the increase in the 1980s—in many cases, the kinds of people with qualifications were not available.

We are, I think, faced with the need to look at a conversion process that converts some of the technology to civilian uses. And I think some of the defense diversification money is intended to explore that possibility. Some of the defense aerospace technology may eventually migrate to civilian aerospace technology. We've talked about other transportation transfers. Some of the medical technology now is also in that same league. And that is certainly an area where we've been making a heavy investment, that is, building the equipment, not necessarily in the health care occupations.

The health industry has certainly been the one steady growth, and that has its pluses and minuses for the economy. But I think we have not coordinated our efforts to date very well with the Department of Commerce, the Department of Defense, and the Department of Labor. And we are now working more closely together than we ever have in the past.

That doesn't mean we have an answer yet on developing the alternative jobs and not losing this human capital investment. But I think we have the right people talking together, and I think the defense diversification approach gives us the framework for something to start with.

Mr. **Klink**. Realizing the problem is on the way to finding a solution, I thank you for your answer. And I just might add that most of what you just said I would hope that we make a national priority. I really think that those things need to be done and I thought it was a very good answer. Thank you.

One other thing, in my opening statement—and again, Mr. Barcelo also concurred—one of the other things that we hear so much about is this huge diversification, the number of programs, and how people say they get lost in this. Do we really have any hopes, Ms. Golding, of being able to see these programs consolidated into some workable number where they can be administered maybe a little more carefully than some of these programs are now?

Ms. **Golding**. I think there is hope. If there isn't, we're going to have to answer to Bob Reich for not having succeeded in the task that he has set for us. I think two different issues: It may be that you can have programs separately legislated and appropriated. I think the issue is, can you make that transparent to the person who is a displaced worker or a job seeker who needs service? Can you make one-stop career guidance an option for that person?

He doesn't really care where the money comes from. He just wants to know where to go to get the help he needs. And I think on that, absolutely. There is a lot we can do. And that's one of the initiatives that is reflected in the President's investment strategy. It's a part of the Department of Labor's 1994 budget request. It has a small increase in money to begin this process. We plan to leverage the resources that are in other Department of Labor existing programs so that we don't just create another layer, but instead, integrate the delivery of these programs.

So yes, I think there is hope. It's not an easy task, but we're also trying to do it in a way that doesn't make it politically infeasible to accomplish the objective that I think we're all interested in.

Mr. **Klink**. Thank you very much, Ms. Golding.

Mr. Chairman, I yield back.

Chairman **Williams**. Thank you.

Mr. Barcelo.

Mr. **Romero-Barcelo**. Ms. Golding, I think one of the greatest concerns is how fast can you start the retraining of dislocated workers, how effective that retraining can be and whether they will get a job. Dislocated workers, as we know, don't want unemployment benefits. They want a job. Six months is a long time for them. If it takes 6 months to at least get them started on the retraining, it's even longer for them.

You have identified the three things that you need to do. First, you have identified the jobs that are available, the persons that are available for training and how you're going to go about the training. I'm sure the institutions are there, eager and waiting to do the training. Whether they are to classify them as to those who are good and those who are not good, but they are there, and we have them all over the place.

They need to identify the persons available for training. I don't see that as hard. But the identifying of the jobs is probably one of the hardest things to do. What are the jobs available? We don't find that there is a data bank of those jobs available. They always talk about the data banks, but they don't seem to be there. Where can we go and find out about that? The data is very, very limited.

As far as Puerto Rico is concerned there are a lot of areas in the Labor Department where they have data for all the States, and they don't seem to have the data for Puerto Rico. I don't know if you're aware of that, but that is one of the problems that we found out, that many of our Federal programs said, "Well, we don't have the data for Puerto Rico." And we have to then supply the data and say, "How do we know this data is correct?"

So, one of the first problems we need to solve, as far as we're concerned, is that the data is available, and then the identification of the jobs. One of the things I have found out is that the Labor Department, the Economic Departments, don't seem to talk to each other very often. They seem to run it different ways. And the ones that have the information as to where the jobs are, are the economic development administrations and the commerce departments.

And they have to start working together to identify those jobs available. Because I find—at least, my experience has been—that the Economic Development Administration and the Commerce Departments, they think completely different from the Labor Department. And unless we get them together in trying to coordinate their efforts to solve the problem of the dislocated workers, we're going to—so, is this—in part of your agenda, is this part of the things that you're going to be working with, trying to make a better coordination of the data available?

Ms. GOLDING. We're trying to do that at this level, working more closely with the Federal Department of Commerce and the Economic Development Administration.

I think in the case of Puerto Rico it may be that our regional office can help us get the local Department of Commerce and Economic Development together with private industry council and the employment service, to make sure that the information that there is about available jobs does get shared, and that the prospects for future jobs, maybe a year or two down the road, also gets put into the equation.

I think the point that Congressman Williams made at the beginning is also true. There is a difference between having good information and genuinely having jobs available. And there is no question that the availability of jobs has hurt the placement rate for EDWAA, as it has hurt everyone. This recovery has not been a jobs recovery, not yet. And that makes it more difficult, I think, for dislocated workers, even though they have good employment histories. Frequently, they come to the realization very slowly that there old job is not coming back, and that can delay their making the decisions they have to make, to move on and get ready for, perhaps, a new occupation and industry.

Mr. ROMERO-BARCELO. When you talk about the workers about retraining is there an effort made to try to retrain them in a job that is similar, somehow related to the job that they had before, or just trying to train them into any job?

Ms. GOLDING. I think the first thing is that it has to be an available job. And second, we'd prefer to do it in a job that is similar, that uses their experience and expertise and education. But basically, it's their choice. I mean, we lay out what the options are and what it would take to train for the new job. But basically, it's the worker's decision.

Mr. ROMERO-BARCELO. Well, this is the problem that needs to be solved, is the fact that get the people to have the facts and know where to go and when to go. Because otherwise, right now people are confused.

Ms. GOLDING. Ideally, we would start this process before the layoff actually occurs. That is when we're likely to have the best success rate. So early intervention needs to get even earlier in the process.

Mr. ROMERO-BARCELO. Thank you.

Chairman WILLIAMS. Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman. Ms. Golding, I know one of the frustrations I've heard from people is it seems like we train and then they immediately go from one training to the next retraining, because we're not training for actual jobs, and Congressman Klink pointed that out. There is a frustration, and I know that's one of the things the Department of Labor has talked about—and the new Secretary—to actually train for jobs that would be available. But I have some particular questions after just saying that.

Last fall we kept hearing, publicitywise, that we were providing job retraining to employees who were laid off because on one hand, the United States government was encouraging businesses because of foreign treaties to locate in areas, and then we would come in and provide retraining to those people once they lost their job. Do you know if that program is still going on through the aid program where—and I know it's not through the Department of Labor, it's through someone else—but we were providing then JTPA or job retraining for those factory workers who lost their jobs. Do you know if that is still happening?

Ms. GOLDING. I don't know. I can find out and get you an answer for the record.

Mr. GREEN. Okay. I particularly think this subcommittee would be interested, that if on one hand we're encouraging plants to shut down—whether it be in Tennessee, and I think the one that I heard about, or anywhere else—and then we're also having to provide job training for those folks after they were encouraged.

What are some of the occupations, just generally, that we're talking about retraining people for nowadays, whether it be from Representative Klink's district, or my area in Houston, where we have sheet metal businesses who are, because of competition or—what kind of jobs are we able to say, "Well, if you get a retraining in this you can find a job?" Do you have just some general categories?

Ms. GOLDING. We don't collect that information nationwide on a rigorous basis. What we have is some anecdotal information about some of the training that has gone on in local areas. For example, in Arizona, engineers dislocated from Hughes Aircraft were retrained for environmental jobs, environmental technician jobs, and as teachers, were certified as teachers, and moved into that occupation.

In New Jersey, workers from GE Aerospace who were assembly specialists and inspectors, were retrained to do computerized accounting, mechanical drafting, electronics design. And then, the one generic has been the growth in the health industry. And many people have been retrained, either clerical or blue collar people, as nurse's aides, emergency medical technicians, registered nurses, those kinds of things. That has been an occupational growth area.

Mr. GREEN. Okay. And again, from my frame of reference, at least from Texas—and I know that the Department is involved in the side agreements on NAFTA—has there been any work within the Department that you know of on, for example, providing environmental training for people who would then be able to export that to, for example, Mexico, if NAFTA is approved? When you mentioned environmental training in Arizona——

Ms. GOLDING. Our priority would——

Mr. GREEN. Or are we still too early for that?

Ms. GOLDING. Yes. Our priority would be jobs that are going to be available at the end of the training. And if the people are not interested in moving, it would have to be in their commuting area. Whether once they get a job with an environmental company, whether they travel to Mexico or some other country would be incidental as far as we were concerned.

Mr. GREEN. Okay. Thank you. Thank you, Mr. Chairman.

Chairman WILLIAMS. Mr. Miller.

Mr. MILLER of California. Thank you very much, Mr. Chairman. On page 3 of your statement you say that the program provides "planning support and conversion systems for the diversification of affected facilities within an area impacted by reductions in military expenditures." The area I represent, the San Francisco Bay area in California may be heavily impacted in this process.

Can you explain to me what is the current status of this program?

Ms. GOLDING. We have had funds transferred to us from the Department of Defense for both the Defense Conversion Program and the defense diversification program. We have $100 million from defense conversion, and $75 million for defense diversification. We'll be publishing guidelines for how to apply for the defense diversification grants shortly.

They are all handled by the same people, so that if someone files an application for assistance and they pick the wrong slot, I mean, we would still review it for funds from all programs, because if it failed the tests for defense conversion and defense diversification, it would still be eligible under EDWAA. The important thing is that there are resources available for the workers dislocated, without regard to——

Mr. **Miller** of California. For what purposes are those funds available.

Ms. **Golding**. Retraining workers. It's basically adjustment services, although in defense diversification there are slightly more options than there are under defense conversion and EDWAA.

Do you want to talk about that a little bit? You're the expert.

Mr. **Colombo**. Yes. The defense diversification program which we just received from DOD does provide, in certain circumstances, for upgrading current nonmanagerial employees where it is part of a conversion of the defense facility. And it is designed to avert the layoffs or the closing. It also has a mandatory income support in each related payments, whereas the other programs only have authorized income support. And there are a couple of other management issues, which don't really relate to your question, that the program provides.

The main thing is that it provides the income support for the participants, and it provides for a type of training that is not currently authorized in EDWAA or in the Defense Conversion Adjustment Program.

Mr. **Miller** of California. What is available for conversion? Diversification, I think, may be more apt to Southern California than Northern California.

Mr. **Colombo**. The Defense Conversion Adjustment Program is basically an EDWAA program, and it provides for the retraining and readjustment services that are allowable under the basic law.

Mr. **Miller** of Claifornia. Who makes application for that? The State training programs or——

Mr. **Colombo**. No. There are five eligible applicants for the Defense Conversion Adjustment Program. There are the State—the substate area under Title III of the Job Training Partnership Act, the employer of the workers—in fact, we funded a major employer in California, Hughes, just recently. Also, representatives of the employees would be eligible to apply, a union. And finally, an association that the employer of the workers might belong to.

Mr. **Miller** of California. Is a union eligible? Is a union training program eligible for that purpose?

Mr. **Colombo**. Well, representatives of the employees which would include a union would be an eligible applicant under the law. They could come in to apply—now, I'm talking about running the entire program, not just providing a particular training activity. If they were just going to provide a particular training activity they more likely would be a subcontractor to the grantee.

Mr. **Miller** of California. What is the status of that program? Is that up and running?

Ms. **Golding**. That is up and running.

Mr. **Miller** of California. Are you making grants at the current time?

Ms. **Golding**. We are.

Mr. **Miller** of California. And do you anticipate funding when those of us who are on the hit list have a determination in July?

Ms. **Golding**. Yes.

Mr. **Miller** of California. We're handicapped because you can't make the proposal until you know what is going to happen to you.

Ms. **Golding**. That's right.

Mr. **Miller** of California. And it's all going to come at one time.

Ms. **Golding**. And there are other services available through the Defense Department, the Commerce Department, Housing and Urban Development Department, that go to more infrastructure issues. Our piece of it goes to the human resources retraining adjustment part of it.

But in effect, what you have is all the Federal departments working together on these major projects, these major conversion situations. We've met with many of the members of the California delegation to try to anticipate what some of these issues are going to be. But basically, priority is given to the local decisions about how these installations are going to be used in the future.

And out of that comes a plan which may then draw on multiple funding sources from the Departments, and then our piece of it will be——

Mr. **Miller** of California. But it's not connected to using the installation, is it?

Ms. **Golding**. It can be connected to using——

Mr. **Miller** of California. But it need not be?

Ms. **Golding**. Need not.

Mr. **Miller** of California. Some of us have installations of which their future is questionable. Thank you.

Chairman **Williams**. Ms. Woolsey, any questions for Secretary Golding?

Ms. **Woolsey**. Mr. Chairman, I think I'll hold off and ask my questions later.

Chairman **Williams**. Thank you. Let me ask you a couple of other questions, Ms. Golding, and then if no one else has questions we'll go on to our panel.

You had mentioned the job placement rates. We've long known that the Department has a process by which you can compile job placement rates. Like the public schools, do you also have a process to compile dropout rates within your program?

Ms. **Golding**. Not for the dislocated worker program. If they dropout, they dropout. I mean, if you're thinking a way that just talks about those who dropout in their senior year, for example, versus those who dropout in the eighth grade, no.

Chairman **Williams**. Do you have any estimation of what the job placement percentage rate would be of incoming first day people into the program, rather than the—your job placement rate, as I understand it, is only on those who complete the program.

Ms. **Golding**. Who leave the program, whether they complete or not.

Chairman **Williams**. So it includes as a percentage, then, everybody that walks in the door; does it not, under that——

Ms. **Golding**. Ultimately.

Chairman **Williams**. I've never understood that before. I always thought your job placement rate was based only on those who complete the program.

Ms. **Golding**. No. It's based on everybody who leaves the program.

Chairman Williams. If you come into the program and you're there for one day, and you leave, are you included in the arithmetic?

Ms. Golding. In the terminees, you're in the arithmetic.

Chairman Williams. Then 70 percent is a very high rate. Can you tell me how many and which States can no longer enroll Title III clients because of fully expending their Title III funds? The National Governors Association, as you know, tells us that 35 States have expended 90 percent or more of their formula funds as of, I think, end of February.

Ms. Golding. We get official reports every 6 months. So the last report we have is as of December 31, 1992. And the report to us, as of that date, shows that States had spent only about 38 percent of the money, which is not consistent with the National Governors Association survey.

There may be a reason for that. They may have asked their questions differently, and they may have asked—well, I just don't know whether they reflect actual people on board and commitments that run out for 18 months from now, or what. But it's not consistent with what we know about the program.

Chairman Williams. Thank you. Are there any further questions, Ms. Woolsey?

Ms. Woolsey. Thank you. I have two questions that relate to women in the program. One is a question about support services. It's so hard for women—especially single women with children—to enter training programs because of lack of child care, transportation, et cetera. Do you have any data on any support programs that would make these programs more useful for women?

Ms. Golding. Well, women are about just under half of the service population for EDWAA and other programs for dislocated workers. Generally speaking, these are women who have some substantial work history, so they may have had child care or parent care or health care arrangements that made it possible for them to be employed.

However, if they lose those along with their jobs, support services can pay to provide those during their training period and help them transition to their new job.

Ms. Woolsey. And when they're no longer working and they don't have the salary for support services, then that is provided?

Ms. Golding. Well, workers under EDWAA may receive a needs related payment, which is roughly the equivalent of a UI payment. Under Clean Air it's mandatory that they receive a needs related payment, and it's also mandatory under defense diversification, I believe.

Ms. Woolsey. And you are going to recommend continuing those?

Ms. Golding. Oh, yes. We're recommending that needs related payment be a part of the new program that we're designing.

Ms. Woolsey. Okay. Is there any data regarding women going into jobs that pay less? Are you doing anything in your women's training programs so that they're training into the higher paid jobs?

Ms. Golding. We can supply you some data that shows the wage for female program levers, what wages they had as they came into the program and what wages they have in the jobs that they're getting placed in. We would like to see the wages for all the dislocated worker placements we make come up a little, at least to the level of their prior jobs.

Mr. MILLER of California. Would you yield?

Ms. WOOLSEY. Yes, I would.

Mr. MILLER of California. Under the Clean Air Act, how long is the needs replacement wage?

Ms. GOLDING. The needs related payment is for the duration of the training.

Mr. MILLER of California. For the duration of the training? There is some incentive to see the training through to it's, hopefully, successful conclusion in terms of job placement?

Ms. GOLDING. Yes. That's correct.

Mr. MILLER of California. Thank you.

Chairman WILLIAMS. Mr. Martinez, I know you've just been able to arrive, but we're about to excuse Secretary Golding. Do you have any questions?

Mr. MARTINEZ. Well, Mr. Chairman, like you say, I arrived late and I'm not sure what the discussion has been to this point. As you know, like you, I have concerns about how this money is being spent on the training and if the training is really doing much good for dislocated workers in terms of long-term employment, those things that we looked at after the GAO report last session.

But I will read the testimony that has been given, and I would like permission, if I have any questions, to allow the record to be open so that I might communicate it in writing for the Secretary, and then have that response entered in the record.

Chairman WILLIAMS. Without objection, we'll allow that for members on both sides. I know several of our colleagues on the minority side, because they aren't able to be here today, would like permission to send the Secretary questions in writing and have her respond to them, as well.

Mr. MILLER of California. Mr. Chairman, if I might, just one question.

Chairman WILLIAMS. Mr. Miller.

Mr. MILLER of California. What is the most difficult cohort of people in terms of to retrain?

Ms. GOLDING. Workers——

Mr. MILLER of California. Of a dislocated worker, yes.

Ms. GOLDING. Workers 54 years of age and older who don't have a high school education.

Mr. MILLER of California. Does that go across the board almost without regard to what their occupation would be? I don't know that that's a predictor that when we find them at 54 that they're necessarily in low-skilled jobs. But across the board, would most be male or female?

Ms. GOLDING. Both sexes. If they're age 54 and over and they lack a high school diploma. It's very difficult to be successful.

Mr. MILLER of California. What were those workers doing before dislocation?

Ms. GOLDING. Typically, they're in blue collar or manufacturing jobs.

Mr. **Miller** of California. And the difficulty is brought about by what?

Ms. **Golding**. First of all, typically there is some intensive remediation that is needed before you can begin occupational training.

Mr. **Miller** of California. By that do you mean basic skills: reading and writing?

Ms. **Golding**. Reading, writing, arithmetic, yes. And also there can be difficulty in getting them to realize that that old job, or something exactly like it, isn't going to come back. There is an expectations obstacle.

Mr. **Miller** of California. Is that still true? I know that was very true in the early 1980s when we went through the steel downsizing in the first round of automobile downsizing, and the theory was that eventually, "I would be called back." Are you still finding that to be true today?

Ms. **Golding**. Still true.

Mr. **Miller** of California. So even in an area like aerospace or defense, people expect that eventually after some months they would have a chance of getting back on the line?

Ms. **Golding**. Or that something will happen.

Mr. **Miller** of California. What about government workers in that age bracket? Are you having much experience?

Ms. **Golding**. Actually, most of the civilian workers who have been displaced in the defense downsizings have found other defense based jobs in other parts of the country.

Mr. **Miller** of California. When you say civilian, do you mean with defense contractors or within the military?

Ms. **Golding**. Within the Defense Department, civilian defense workers. In terms of defense industry, contractors, it follows the same patterns as dislocated workers, generally. There still are some relatively low skill jobs in those areas.

Mr. **Miller** of California. What recommendations would you make with respect to that cohort? I suspect that's a tough group.

Ms. **Golding**. It's very tough. That's the group of workers that we would like to get to before a layoff occurs, to try to deal with that expectations adjustment, the reality testing. The earlier we can work with them, the more time we have to get them to realize that this job is leaving forever.

Also, they're more amenable to going to training while they're still working. Particularly if everybody is doing it and they're not being selected out for special treatment, which may label them as having low skills or low educational attainment.

Mr. **Miller** of California. What would be the lesson that I would learn from this? If the base is going to be closed over 18 months or over a 2-year period of time, the ability to get to that worker at their current place of employment, you're suggesting, raises some probability or chances of success here.

Ms. **Golding**. Yes.

Mr. **Miller** of California. Are we in a position to do that?

Ms. **Golding**. Yes. Of all the kinds of dislocations we have, that's the one where we can do it because base closures tend to be announced very far in advance. And the Defense Department has made substantial efforts to replace its civilian workers in other jobs in other parts of the country when a base closing does occur.

But because they have that policy, and because the advance notice is so long, we have an opportunity there that we don't typically get in the private sector.

Mr. MILLER of California. I hope I'm not running on too long here, Mr. Chairman. Do we have models that are, in fact, working with respect to the last round of base closures and before?

Ms. GOLDING. Yes. And we'll be happy to give you some of the information about those.

Mr. MILLER of California. What is happening with the 60-day notice provisions?

Ms. GOLDING. Well, GAO just——

Mr. MILLER of California. Are they in the middle of a study? Did they finish that?

Ms. GOLDING. No, they just reported.

Mr. MILLER of California. What happened? Not quite adhering to the law——

Ms. GOLDING. Not 100 percent compliance.

Mr. MILLER of California. What happened with Sears? I don't know if you're in a position to answer this.

Ms. GOLDING. I don't know the answer to that.

Mr. MILLER of California. In Oakland, California, site of the largest Sears store in the Bay area, people found a note on the door.

Mr. MARTINEZ. Mr. Chairman.

Chairman WILLIAMS. Mr. Martinez.

Mr. MARTINEZ. George has actually initiated some ideas in my head, things that I'd like to get a response to. I'd like to make a little bit of a statement first.

You know, not too long ago we visited Canada and looked at the plan they have. That in some ways when this was passed back in 1988 I thought this would be a replica of that. But they seem to work it much better than we do, and I don't know if it's their Department of Labor or if it's the State's, the departments of labor in the States, or what. But I know that they do a better job of it. And it seems to be a more comprehensive plan to me.

And I'm wondering if, you know, we have this money and somehow or another all of the money wasn't spent, I'm wondering if there isn't something that we're not providing from the Federal level. And we have technical advice, technical assistance setting up for each of these companies a comprehensive system in which you go through the number of people that are being laid off, looking at the skills they have on jobs they've been doing, and looking about the community for jobs that those skills are applicable to, looking at those people that might need to be retrained.

And those people that you talked about, the 54 or older, that we found in Bethlehem Steel was so tragic that so many of those people were young when they got out of the service after serving in the Korean War went to work at Bethlehem Steel, had dropped out of high school to go in the Korean War. And even though they had dropped out of high school they had had a very limited educational experience in school. And so they were probably way behind anyway, and probably going to graduate—if they had have graduated—functionally illiterate. So that wouldn't have helped them in this new space age technology that we're moving into.

But I've seen throughout the United States places—and San Jose is a good example. They were probably the first service provider that started feeder classes because they realized that so many of the people, even the dislocated workers and even those that weren't dislocated workers, who were coming in for training were functionally illiterate. And the feeder classes, they were surprised. They could get them their GED in no time at all using little computer technology in teaching. And that they learned very rapidly to read and write and math and the things they needed to absorb that training that they were providing there and go to work in some of the high tech industries in San Jose, in that area.

And why nobody else moved—in fact, the Department of Labor at the time that they wanted to use moneys for that feeder class from the Job Training Partnership moneys, it was disallowed because at that time under JTPA you couldn't use moneys for that. Now, it's silly. You couldn't use moneys for job counsel and a lot of things that we did in amendments we more recently passed and amendments that we passed throughout the year since the enactment of JTPA.

But we look at isolated cases where there is a tremendous amount of success with the things that people are doing, they could be easily replicated everywhere else. But the Department of Labor has not acted as a catalyst, or acted as a network of information, if you would, to bring this about in other places. And more than that, in the area of using the money for the rapid response and having noticed that people are going to be laid off, in identifying what capabilities will people have and what training they might need, and getting them to that training earlier.

And if it's the 54 or older group, making sure that they right away get into classes that can teach them what they need to know if they're going to receive training for another job, or even on the job training. There are a lot of places that will provide on the job training, even under the targeted Job Tax Credit program.

But what is lacking here? Why do we fail so miserably in getting the greater percentage of those people being laid off from a job, especially when we know they're going to be laid off under the planned notification law, getting them into training or on jobs where there is training, or even just being generally successful and even spending the money?

Ms. Golding. I think you're right in your assessment that the 1988 amendments, the whole recasting of the Economic Dislocation and Worker Adjustment Act, from its earlier incarnation has improved the dislocated worker program tremendously over what it was before. And it did pick up some elements of the Canadian program, including rapid response, for example.

I would also agree with your assessment that as much improvement as that brought about, that it's something that can be improved even more. For example, the special efforts that we made last year on improving rapid response has improved that greatly, and States are now spending more money this program year than they did in the prior years for rapid response. That's the kind of thing we want to see.

I think we also need to improve capacity at the local level to do good assessments, good planning for people in identifying the jobs for which they need to be trained, and putting together the whole service package to make sure that that happens. We are working on doing more of that. And part of that is sharing good models, good experiences. And I think the SRI people will talk a little bit about that in their panel today. That was phase 3 of the study that we commissioned them to do.

So, I think you're right, improvements were made. There are still more that can be made administratively, but we are planning to do much more as we design a comprehensive worker adjustment program that would operate without regard to the cause of layoff. Introducing the successes we've had and the improvements that studies like those that you'll be hearing about today tell us that we still need to make.

Mr. **Martinez**. Now, on the design of a program, you know, I don't know if you can really design a program that can fit every geographic region and the conditions that exist, and the kinds of employment that exist in those different regions. But at least there ought to be some kind of a model developed that you can—it's like a model that's flexible enough to be adopted anywhere.

And you say these are the basic ingredients of this plan, and when something like this happens in an area—like, I'll tell you the truth, in my area, Oscar Meyer, when they knew they were going to close down and move out of that plant. Most of those people that were in that plant, the greater percentage of them are still out of work. They're still out of work.

And there isn't much prospect for them finding work, especially, like I say, with a lot of those people being of the same nature that the people at Bethlehem Steel were, people who dropped out of high school to go to work, people who went in the Korean War and came back and went right to work, and people who don't have a lot of basic skills and are in great need of that before they can move on to anything else.

And I just, you know, think that if we had some kind of a model that we could, let's say, come in instantly in response and set it down and say, "Now, these are the basic things." But more importantly, that it be able to work like the Canadian plan does with the employees, the representation of the employees, if they have representation, the employers themselves, because they have a responsibility.

I have always believed, really, that employers should be required to do an economic impact report to the communities they're located in before they move. Do you know why? Because when they initially moved there they created a need for services: Fire, police, street, curb maintenance, and all the rest of it that accommodates that business being there. And they created the need for, the cities then went out—because they did bring somewhat of a tax base to pay for it, went out and did this.

Now they're leaving and they're creating a void, but the need for the services are still there because they attracted a lot of residents to that area. Now they move in and the communities bend over backwards to give them waivers from ordinances and everything else to allow them to move in, because they're going to create employment and a certain economic surge in their communities. And boy, they're grateful to have them.

But when they leave they don't even so much as say, "adios." They just take the heck off, and the hell with what happens behind them. And they'll move to another community that entices them more with tax breaks and everything else. Just like our enterprise zones are going to do, attract people from one. They say, "Oh, create new businesses here." I guarantee you that those won't all be new business, and the majority of them won't be new business.

They'll be businesses that are built a little oversize and saying, "We're creating a new business with a new number of jobs." And as soon as it's well established and the timeframe for the tax enhancements and everything else wears off, they're going to be moving the extensions of that plant from other places into that plant.

And that's what Oscar Meyer did. It built several facilities oversized, and then at the right time, boom, give the axe to Los Angeles, Los Angeles County, and all those employees that worked there, and moved those different elements of that plant into the other facilities under the guise of specializing. Baloney. It was cheaper labor, lower economic standard in those communities where the wages didn't have to be as high, and the fringe benefits weren't as great because it was nonrepresented labor, et cetera, et cetera, name after name. And they moved.

But they never give any consideration to the great void they've created or the great dislocation they've caused or the great economic impact they've created there—adverse economic impact. And I really believe before they move they ought to be required to do an economic impact report.

Thank you, Mr. Chairman.

Chairman WILLIAMS. We thank each of the members, and particularly thank you, Madame Secretary. I do want to note that a number of members from both the East and West Coast whose constituents could be severely affected by dislocations due to some reductions in defense spending, including the closure of military bases, have today expressed their concern.

A number of us, including all of the members of this panel, have recognized that defense spending creates a particularly large bow wave. And that bow wave, in part, is going to wash over JTPA as we attempt to satisfy the needs, understandable needs, of a few States along the East and West Coast that benefited enormously, particularly in the 1980s, because of massive increases in defense spending.

And now when that defense spending is appropriately, legitimately, and necessarily restrained, the bow wave of defense spending will be felt in retraining the workers who are displaced, and in creating benefits, including direct subsidies to many of the communities that suffer those difficulties.

Thank you, Madame Secretary. Mr. Colombo, it's nice to see you again.

We'll ask our panel now, Dr. Smith, Dr. Dickinson, and Dr. Corson, to join us.

On our panel today is Dr. Ralph Smith, Dr. Katherine Dickinson, and Dr. Walter Corson. We'll hear first from Dr. Smith, who is with the Congressional Budget Office and is the Chief of the Employment and Income and Security Unit.

Doctor, thank you for being with us. Please proceed.

STATEMENTS OF RALPH E. SMITH, CHIEF, EMPLOYMENT AND INCOME SECURITY UNIT, HUMAN RESOURCES AND COMMUNITY DEVELOPMENT DIVISION, CONGRESSIONAL BUDGET OFFICE, WASHINGTON, DC, ACCOMPANIED BY MURRAY ROSS, PRINCIPAL ANALYST, CONGRESSIONAL BUDGET OFFICE, WASHINGTON, DC; KATHERINE P. DICKINSON, SOCIAL POLICY RESEARCH ASSOCIATES, MENLO PARK, CALIFORNIA; AND WALTER CORSON, VICE PRESIDENT, MATHEMATICA POLICY RESEARCH, PRINCETON, NEW JERSEY

Mr. SMITH. Thank you. I'm pleased to be here today to discuss the Congressional Budget Office's recent study of workers who were displaced during the 1980s, that is, workers who lost their jobs and were not recalled by their former employers. With me today is Dr. Murray Ross, who is the coauthor of this study.

Our statement examines three topics: The number and characteristics of displaced workers; their experiences after they lose their jobs; and programs that provide them with assistance. Our analysis is largely based on data collected for the Bureau of Labor Statistics in five surveys, the most recent of which was in early 1992.

CBO's analysis of these data differs from other studies in two important ways that we hope will make it more useful to you. First, we developed a technique that permits these data to be used to examine year-to-year changes in displacement, whereas most of the previous analyses have focused on averages over 5-year periods.

Second, we counted as displaced, workers who lost their jobs regardless of how long they had been with their previous employer, whereas most of the studies have just focused on the roughly half of displaced workers who had been with their employers for at least 3 years.

With your permission, Mr. Chairman, what I'd like to do is to just quickly review our findings that I thought might be of particular interest to you, and then ask that my full statement be included in the record.

Our first finding, and perhaps our most important one is that displacement is fairly common even in a healthy labor market. If you have my prepared statement, on page 4 there is a figure that we have showing displacement levels over the 1980s. And you'll see that even in 1988, which was a relatively low unemployment year, 1½ million workers lost full time jobs and were not recalled by their former employers.

Our second finding is that although some of the workers who were displaced during the 1980s, found new jobs with relatively little trouble. Others experienced substantial difficulties. And Mr. Chairman, you've already alluded to some of the findings in our study about the kinds of difficulties that they had. Just to quickly review, roughly 2 years after being displaced, fully half of the people who lost their jobs either were not working at all or were working in jobs in which they were being paid less than 80 percent of what they used to make.

Moreover, many of those who had found new jobs took quite a long time to find it. The average duration of unemployment was roughly 20 weeks. About half of the displaced workers who had received unemployment insurance benefits exhausted their benefits before finding their next job.

The third finding that I'd like to focus on is that the displaced workers who incurred the largest losses were disproportionately those who were least well educated, oldest, and those who had worked for their previous employer the longest. And the comment made by the previous witness about how difficult it is to train workers who are in their late 50s and had not completed high school is particularly disturbing, given our findings about what happens to them without training.

For example, almost 90 percent of college graduates who had been displaced were working again when they were surveyed about 2 years later. Less than 60 percent of the ones who hadn't completed high school had found new jobs.

Chairman WILLIAMS. Excuse me. Sixty percent of those who had not completed high school?

Mr. SMITH. Yes.

Chairman WILLIAMS. Thank you.

Mr. SMITH. Despite widespread support for retraining displaced workers through programs such as EDWAA and the Trade Adjustment Assistance, very little is actually known about the effectiveness of the current programs in helping to increase the earnings of the participants. And what is known, frankly, is not very encouraging.

As the previous witness noted, over two-thirds of displaced workers who left the EDWAA program in a recent year had found jobs and an average wage of about $8.50. But we simply don't know what would have happened to these displaced workers had they not participated in the program. That is, we know about outcomes, we don't know about net impacts.

And the findings from the Trade Adjustment Assistance study conducted by Mathematica, that Walter Corson will be talking about in a moment, suggests that the training provided to the participants in that program has not, at least, in the first 3 years increased their earnings or their likelihood of finding another job.

Mr. Chairman, that concludes my very brief summary of our summary. Murray Ross and I would be pleased to try to answer any questions that you or other members of the subcommittee might have. Thank you.

[The prepared statement of Ralph E. Smith follows:]

Statement of
Ralph E. Smith

Mr. Chairman, I appreciate this opportunity to appear before the Subcommittee to discuss the experiences of workers who were displaced during the 1980s. My testimony summarizes the results of the Congressional Budget Office's (CBO's) recent study *Displaced Workers: Trends in the 1980s and Implications for the Future.*

The prospect of losing a job and needing to find another one is a concern for many workers. During the 1980s, an average of 2 million workers per year lost full-time jobs and were not recalled by their former employers. Some of these displaced workers soon found new jobs with wages at least as high as in their previous jobs. But others experienced long spells of unemployment, exhaustion of unemployment insurance benefits, and lower wages in their new jobs.

This statement examines three topics:

- The number and characteristics of workers displaced in the 1980s;
- The workers' experiences after displacement; and
- Programs providing assistance to displaced workers.

Several recent developments have focused greater attention on the problems facing displaced workers. Cutbacks announced during the past year by General Motors, IBM, and Sears, among other firms, are dramatic examples of the corporate restructuring and downsizing that are likely to displace workers in a wide range of industries in the future. Moreover, cuts in the defense budget over the next few years will cause large-scale job losses among workers in the defense industry--both federal civilian and military personnel and private-sector workers whose jobs end because their firms lose defense contracts. Changes in trade policy are also likely to displace some workers, although these reductions are not expected to be as large as those in the defense sector.

CBO's analysis is largely based on data collected for the Bureau of Labor Statistics (BLS) in surveys conducted in January 1984, 1986, 1988, 1990, and 1992. Displaced workers were identified as people who reported having "lost or left a job because of a plant closing, an employer going out of business, a layoff from which [they were] not recalled or other similar reason" during the five years preceding each survey.

CBO's analysis of these data differs from other studies in two important ways that should make it more useful. First, CBO developed a new technique that permits the data from all of these surveys to be combined and used to examine year-to-year changes in displacement, whereas the BLS and others have generally focused on the five-year averages from each survey.

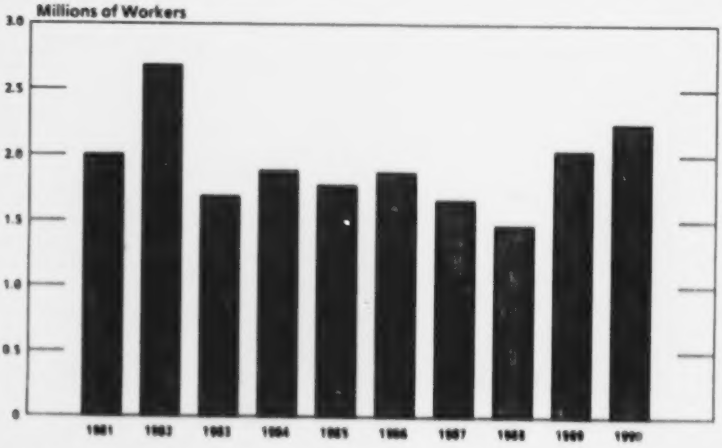
Year-to-year changes in the number of displaced workers exhibit important cyclical variation that the five-year averages mask.

Second, CBO counted workers as displaced regardless of how long they had been with their previous employer, whereas other studies have focused on the roughly half of displaced workers who were with their employer for at least three years. CBO's study uses the broader definition in part because the events that cause concern about displacement--such as large plant closings--are couched in terms of the number of workers who will lose their jobs, not just the number who had been with the employer for at least three years. Moreover, whether to provide assistance to displaced workers who had worked for their employer for less than three years would be a policy decision, one that can be informed by knowledge of the characteristics and experiences of these workers.

NUMBER AND CHARACTERISTICS OF DISPLACED WORKERS

From 1981 through 1990, the annual number of displaced workers generally mirrored the overall state of the economy. The numbers ranged from a high of 2.7 million workers displaced in the weak labor market of 1982 to a low of 1.5 million in the relatively strong labor market of 1988 (see Figure 1). Workers in the service sector and in white-collar occupations accounted for a rising portion of displaced workers during the decade, reflecting both the

Figure 1.
Number of Displaced Workers, by Year of Job Loss, 1981-1990



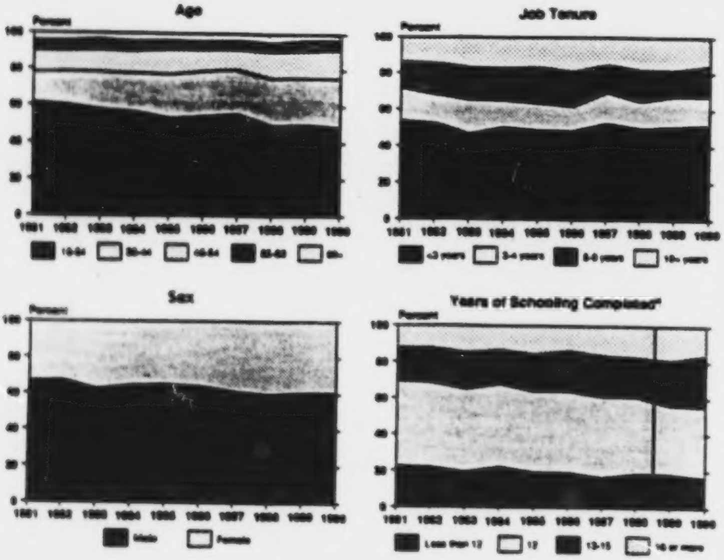
SOURCE: Congressional Budget Office tabulations of data from the January 1984, 1986, 1988, 1990, and 1992 Current Population Surveys.

increasing share of these industries and occupations in the nation's total employment and the increased risk of these workers being displaced. On the whole, however, workers in service industries and in white-collar jobs remained much less likely to be displaced than workers in goods-producing industries and blue-collar jobs.

The characteristics of displaced workers were remarkably stable during the 1980s, despite a wide swing in the business cycle, changes in industrial composition, and changes in a broad array of government policies. For example, throughout the decade, slightly more than 20 percent of all displaced workers were aged 45 and older, about 50 percent had been with their previous employer for more than three years, and 60 percent were male (see Figure 2). The percentage of displaced workers with schooling beyond high school grew from about 30 percent to 40 percent, though, mirroring the increased educational attainment of the work force as a whole.

The number of workers who will be displaced during the next few years may be somewhat larger than the number displaced in the late 1980s, because the economy is likely to be weaker and because defense-related employment is expected to shrink further. CBO forecasts a gradual economic recovery, with the unemployment rate falling from 7.4 percent in 1992 to 6.0 percent in 1996. The latter unemployment rate would still be one-half of one percentage point

Figure 2.
Characteristics of Displaced Workers, by Year of Job Loss, 1981-1990



Age

Job Tenure

Sex

Years of Schooling Completed[a]

SOURCE: Congressional Budget Office tabulations of data from the January 1984, 1986, 1988, 1990, and 1992 Current Population Surveys.

a. For workers displaced in 1989 and 1990, years of schooling completed is estimated on the basis of the highest degree obtained and is not strictly comparable with data for prior years.

above the unemployment rate in 1990, the final year of the 10-year period examined in CBO's study. Moreover, the downsizing of the defense sector that began in the late 1980s is expected to continue, with that sector projected to lose more than 1 million jobs during the next five years. (Estimates of the job losses in industries that would be adversely affected by the North American Free Trade Agreement are much smaller and spread out over a longer period.)

The stability of the characteristics of workers displaced during the past decade is no guarantee, of course, that the displaced workers of the future will look like those of the past. Workers displaced from a shrinking defense industry, for example, may well look different from those who lost jobs from a shrinking (in terms of employment) steel industry. At the same time, it is reasonable to expect that many of the factors that resulted in the patterns observed for displaced workers in the 1980s will continue. For example, seniority practices are likely to ensure that older workers continue to be a relatively small share of all displaced workers. Similarly, workers with more years of schooling will probably continue to have more stable employment patterns than those with fewer years of schooling.

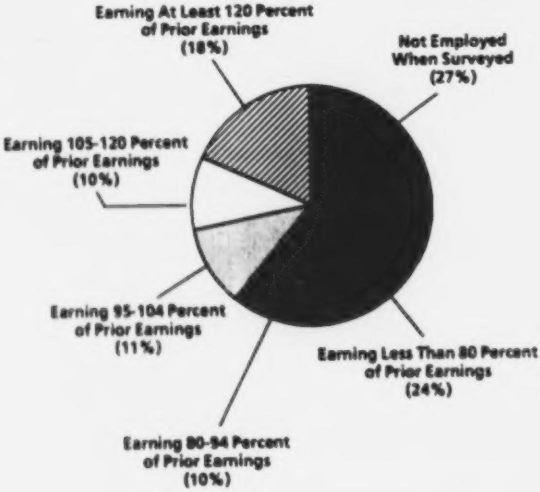
THE EXPERIENCES OF WORKERS AFTER DISPLACEMENT

Although some of the workers who were displaced during the 1980s found new jobs with little trouble, others experienced substantial difficulties. This finding is based on three measures used in the study to examine the consequences of displacement, each based on survey questions asked of displaced workers one to three years after they lost their jobs: whether or not they were employed at the time of the survey; how long they had been jobless; and the earnings of the reemployed workers in their new jobs relative to their previous earnings.

One to three years after being displaced, half of the workers who lost jobs over the past decade either were not working or had new jobs with weekly earnings that were less than 80 percent of their old earnings (see Figure 3). In contrast, more than a quarter of the displaced workers were reemployed and earning at least 5 percent more than their previous weekly earnings; nearly one in five had an increase in earnings of at least 20 percent.

The vast majority of displaced workers who had found new jobs experienced some period of joblessness after displacement, and many were without work for a substantial period of time. The average duration of joblessness for people reemployed at the time of the survey was just under 20 weeks. The reemployed workers who incurred the biggest wage reductions, on average, took the longest to find new jobs. For instance, those whose earnings

Figure 3.
Earnings of Workers Displaced in the 1980s One to Three Years After Losing Their Jobs



SOURCE: Congressional Budget Office tabulations of data from the January 1984, 1986, 1988, 1990, and 1992 Current Population Surveys.

had declined by more than 20 percent had been jobless for an average of 26 weeks, whereas those whose earnings had increased by at least 20 percent were jobless an average of 14 weeks.

The state of the economy had an important influence on the extent of joblessness after displacement. It did not, however, have an apparent effect on the proportion of reemployed workers who incurred large losses in their earnings. The average duration of joblessness fell from almost 30 weeks in 1981 (during a recession) to 15 weeks in 1988. But the percentage of reemployed workers whose earnings had fallen by at least 20 percent was not substantially higher in 1981 than in 1988.

The displaced workers who incurred the largest losses were disproportionately those who were the least well educated, the oldest, and had the longest tenure with their previous employer. In fact, these groups were far less likely than the displaced workers who were better educated, younger, and had shorter tenure to be working at all at the time of the survey. For example, less than 60 percent of the displaced workers who had not completed high school had found new jobs, compared with more than 70 percent of the displaced workers who had completed exactly 12 years of schooling and almost 90 percent of those with 16 or more years of education.

Likewise, the less-educated, older, and longer-tenured workers who did find new jobs generally took longer to find them and were more likely to incur substantial wage reductions than were other displaced workers. For example, those reemployed workers who had not completed high school were jobless for an average of 39 weeks, and two in five of them incurred an earnings loss of more than 20 percent. In contrast, reemployed workers with at least 16 years of education were jobless an average of 22 weeks, and only one in four of them incurred that large a wage loss.

Despite variation over the business cycle in workers' outcomes after displacement, these relationships between workers' characteristics and their likelihood of difficulties were quite stable. That is, the kinds of workers who were jobless longer in bad years were also jobless longer in good years, and similar workers incurred losses in earnings in both good and bad years. Such stability reinforces confidence in the applicability of CBO's study for learning about the outcomes likely to face workers who are displaced in the future.

PROVIDING ASSISTANCE TO DISPLACED WORKERS

The federal government, together with state governments, offers a wide range of programs for displaced workers who need temporary income assistance until they find another job and help in preparing for, and finding, that new job.

Unemployment insurance (UI) is the main program providing income assistance to displaced workers (as well as to other workers who lose their jobs). The Economic Dislocation and Worker Adjustment Assistance (EDWAA) program and the Trade Adjustment Assistance (TAA) program provide reemployment assistance.

Unemployment Insurance

The UI program provides weekly benefits to experienced workers who lose their jobs, whether or not the job loss is permanent. Work histories determine the specific duration and weekly amount of benefits for workers, but benefits are generally available for no more than 26 weeks. When unemployment in a state is sufficiently high, the federal/state Extended Benefit (EB) program provides additional weeks of benefits. The Emergency Unemployment Compensation program, enacted in 1991 and amended in 1992 and 1993, temporarily enables unemployed workers who have exhausted regular UI benefits to receive further payments.

Displaced workers who received UI benefits (about 60 percent of the displaced workers in the decade analyzed) were much more likely than other UI recipients to exhaust their benefits without having found another job.

During the 1980s, about half of the displaced workers who received UI benefits exhausted them. In contrast, about one-third of all UI recipients ran out of benefits during that decade.

The Congress might want to consider expanding the potential duration of UI benefits for all displaced workers or for specific groups of them--those with relatively long job tenure, for example, or those who enroll in a retraining program or a program that helps participants find new jobs faster. Extending the maximum duration of UI benefits would help cushion the losses that many displaced workers would otherwise incur. To some degree, however, extending benefits would encourage recipients to remain unemployed longer. Linking the additional benefits to participation in some kind of reemployment assistance program (as is done in the TAA program, discussed below) could speed their adjustment, but it would be a major undertaking and would add significantly to the administrative costs of the UI program.

EDWAA and TAA

Under Title III of the Job Training Partnership Act, as amended by the Economic Dislocation and Worker Adjustment Assistance Act of 1988, states receive federal funds to help displaced workers obtain employment through training and related employment services. Closely related programs exist for workers displaced because of defense cutbacks and implementation of the Clean Air Act. The funds for all of these programs are mainly used to provide classroom training, on-the-job training, and job search assistance to the participants. In recent years, between 200,000 and 250,000 displaced workers have participated in these programs annually.

TAA provides income replacement benefits, training, and related services to workers unemployed because of import competition. To get assistance, workers from a firm must first petition the Secretary of Labor for certification and then meet other requirements for eligibility. For a group of workers to qualify, the Secretary must conclude that a significant share of the firm (or a subdivision) is threatened with displacement; sales or production have decreased; and increased imports have "contributed importantly" to the reductions in employment and in sales or production. Certified workers are eligible for training and other reemployment assistance. Cash benefits are also available to certified workers, but only after their UI benefits run out. Benefits can last up to one year if recipients are taking part in an approved training program. In recent years, only about 25,000 displaced workers received cash assistance annually and fewer received training or other reemployment assistance.

EDWAA and TAA represent two quite different approaches to serving the needs of displaced workers. EDWAA emphasizes reemployment assistance, mainly through short-term training and job search assistance, with few participants receiving income support. In contrast, TAA essentially extends the potential duration of UI benefits for eligible workers willing to participate in a training program, with about two-thirds of the program's outlays going for income support. The debate over whether to use EDWAA or TAA as a model for developing a new displaced-worker program largely centers on the merits of providing income support longer than is normally available through the UI system.

In principle, the retraining assistance provided through either program could help displaced workers develop new skills or adapt their old ones, making them more valuable to new employers and thus helping them find new jobs at wages comparable with their old ones. Despite widespread support for retraining displaced workers, however, very little is known about the effectiveness of the current programs in increasing the earnings of their participants. The EDWAA program has not been evaluated, and preliminary findings from an evaluation of TAA now under way suggest that the training received by its participants has not increased their average earnings or their likelihood of being employed. Evaluations of earlier demonstration programs for displaced workers in specific sites provide considerable basis for optimism about the effectiveness of job search assistance, but not of short-term training. Whether a better-designed, and possibly more extensive, training program would be more effective is a matter of conjecture.

CONCLUSION

To sum up my comments, CBO's study makes several points that may be especially relevant to the Subcommittee's deliberations. First, although the number of workers displaced each year is cyclically sensitive, displacement is fairly common even in a healthy labor market. Second, though some displaced workers find comparable jobs easily, others experience substantial difficulties. The displaced workers most likely to incur large losses are the least well educated, the oldest, and those who had the longest tenure with their previous employer. Finally, analyses of the UI, EDWAA, and TAA programs address issues that the Subcommittee may want to consider as it evaluates whether new measures should be taken to help displaced workers.

Chairman **Williams**. Thank you. Dr. Katherine Dickinson is president of Social Policy Research Associates from California. Doctor, we're please to have you with us here today. Please proceed.

Ms. **Dickinson**. Thank you. And I appreciate the opportunity to present to you some of the findings from the study of the implementation of EDWAA. This study followed EDWAA from its initial program years through the present in order to provide the Department of Labor with some information about how States and substate areas were implementing EDWAA and whether the implementation patterns were consistent with the intent of the legislation.

We also looked at the services and examined the extent of which those services were responsive to the distinct needs of dislocated workers. We conducted in-depth site visits to 70 substate areas, 10 special projects in a total of 24 States, and also conducted a survey of all substate areas nationwide.

I'd like to highlight some of the findings in some key areas. First, rapid response. We found that rapid response is an important innovation of EDWAA and it has substantially increased the number of dislocated workers who received timely information about the resources available to them.

But the intent of rapid response is not just to provide information. The intent is then to use rapid response to link dislocated workers into services as quickly as possible. And this broader intent was less widely met. We did find, however, some responsive services. We found about a third of the substate areas conducted pre-layoff services, which you all talked about some this morning. These tend to be group workshops that are held onsite or at some community location, and provide information about the current labor market, which is an extremely critical piece of information for dislocated workers. Providing stress counseling, financial management, career exploration, all of this before they're actually laid off.

Another responsive practice was then to recruit workers as soon as possible after their layoff into the ongoing services. Other substate areas, however, simply waited. They provided the information at rapid response, but they waited for the dislocated workers to seek out services on their own. And that was often after substantial delay and after financial resources are depleted.

To strengthen rapid response we recommend broadening the concept of rapid response to include not just provision of information, but to include substantive client services such as the pre-layoff services. And second, to allow greater flexibility in the State and substate area roles. The legislative division of responsibility has, in part, contributed to some of this lack of continuity between rapid response activities and the provision of ongoing services.

We also looked at the responsiveness of services. And dislocated workers vary tremendously, as we've talked about this morning, in terms of their wage rates, their skill levels, and their previous occupations. But they do share some common characteristics. They oftentimes experience substantial psychological and financial stress at being dislocated. They often have little recent labor market information and no recent experience in looking for jobs. And they also have sometimes substantial skills that have become obsolete.

Yet, they have work maturity, they have work experience that should be accounted for in their plan of action.

We looked to see how responsive services were to those needs in both ongoing programs and in special projects that were funded with discretionary funds. These tended to be plant specific projects, fairly large scale. We found some of these special projects, indeed, were more responsive in terms of early intervention, a substantial amount of basic readjustment services, wider range of classroom training options, and more supportive services.

Now, the implications are not that all funds should be expended through special projects, because these were initiated out of unusual circumstances. But lessons learned can certainly be used to improve ongoing services. And particularly, these programs tended to design services and tailor services that were appropriate for the specific workers effected by a specific layoff. And this was also true of the more responsive ongoing programs.

The less responsive approach was to recruit workers who were appropriate for a specific given set of services that are already in place. And to improve the ability of EDWAA to provide more responsive services we recommend that the individualized service strategy envisioned in the 1992 amendments for Title II programs be extended to dislocated workers as well. As Ms. Golding pointed out this morning, assessment and service planning and development of services that are appropriate to each worker can lead to more responsive services.

Finally, we did examine the experience of EDWAA during the recession. The recession highlighted the importance of having discretionary funds available. States that had committed their funds up front found themselves not able to help substate areas in need. And we did find substantial reduction in recruitment efforts. Substate areas tended to reduce their recruitment, first of long-term unemployed, and then of workers laid off in smaller scale layoff. And even so, a number of them had to develop very long waiting lists, making early intervention impossible to achieve.

To improve the ability of EDWAA to respond to recessions we suggest improving the allocation formula by funding or supporting data collection efforts, to encourage or require States to provide discretionary funding, and if possible, to increase the total amount of EDWAA funding during downturns to meet the increased demand for services.

Thank you.

[The prepared statement of Katherine P. Dickinson follows:]

Prepared by:
Katherine P. Dickinson

INTRODUCTION

The Study of the Implementation of the Economic Dislocation and Worker Adjustment Act (EDWAA) followed the implementation of EDWAA from its first program year through the current program year (i.e., PY 89 through PY 92). The objectives of this study were to provide the U.S. Department of Labor (DOL) with information about how states and substate areas were implementing the key features of the EDWAA legislation and to assist DOL in guiding the development of EDWAA programs.

This study was conducted in three phases. Phase I consisted of in-depth site visits to 15 randomly selected states and 30 substate areas in those states. The goals of Phase I were to:

- Describe how states and substate areas were implementing the complex provisions of EDWAA.
- Examine the extent that EDWAA was being implemented in ways that were consistent with the intent of the legislation.
- Identify early implementation problems and suggest policy changes or clarifications that would enhance the implementation of EDWAA at the state and local levels.

Phase II focused more directly on the types of services provided to dislocated workers. We conducted in-depth site visits to a 10 randomly selected states and, within those states, 20 ongoing EDWAA programs and 10 special projects funded with state 40% or 10% funds. Specific goals of Phase II were to:

- Describe the range of EDWAA services provided to dislocated workers through ongoing EDWAA programs and through special projects.
- Examine the extent that EDWAA services in ongoing programs and in special projects were responsive to the distinct needs of dislocated workers.
- Identify areas in which the responsiveness of dislocated worker services can be improved through revising federal, state, and substate policies and practices.
- Describe how state and substate area EDWAA programs responded to the economic downturn that began during PY 90.

Phase III consisted of two parts. We conducted a survey of all EDWAA substate areas to obtain information about how their ongoing EDWAA programs were organized and characteristics of their services. We then conducted in-depth site visits to 20 substate areas that had well-developed EDWAA services, as indicated by their survey responses and verified by subsequent telephone discussions. The goals of Phase III were to:

- Using survey responses:
  - -Describe how EDWAA programs were organized nationwide and examine the association between organizational features and outcomes achieved.
  - -Examine the effects of state policies and substate area practices on the types of dislocated workers enrolled in EDWAA.
  - -Examine the responsiveness of services nationwide, determine what influenced the responsiveness of services, and examine the associations between the responsiveness of services and outcomes achieved.
- Using information for the site visits:
  - -Describe examples of strategies that substate areas use to provide responsive services.
  - -Identify factors that impede and those that facilitate delivery of responsive services.
  - -Prepare a guide for substate areas that describes examples of well-developed, responsive services provided by EDWAA programs operating in a variety of environments.

The analysis of the site visit information from Phase III is still ongoing.

Below we highlight the results of this study as they pertain to the responsiveness of EDWAA services and the key themes of the EDWAA legislation. We then identify the implications of the findings for EDWAA policies and practices.

RESPONSIVENESS OF EDWAA SERVICES

Model of Responsive Dislocated Worker Services

We developed a conceptual model that specifies the particular needs of dislocated workers and provides a framework for describing how well EDWAA services respond to those needs. This framework was based in part on the information obtained from states and substate areas visited during the Phase I case studies.

Dislocated workers vary tremendously in terms of their existing skill levels, previous occupations and industries, and their previous wage levels. Yet, despite this diversity in previous experiences, dislocated workers also tend to share special characteristics because of being dislocated, including:

- Significant psychological stress in response to being laid off.
- Little recent information about labor market opportunities.
- No recent experience in looking for a job.
- Substantial work experience and work maturity.
- Existing occupational skills that may be obsolete or not in demand in the local economy.
- Financial crisis due to lack of income and substantial household financial obligations.

To be responsive both to the diversity of experiences and to the common characteristics of dislocated workers, EDWAA services should include the following:

- Early intervention services, provided before or as soon as possible after layoff. These early intervention services include:

  -Rapid-response worker orientation, held soon after notice of layoff is received, which provide information about EDWAA services, other community resources, and the local labor market.

  -Prelayoff services that are comprehensive and address the specific crisis needs of the affected workers.

  -Recruitment of affected workers into ongoing EDWAA services as soon as possible.

- Assistance in developing a plan for reemployment, which should include:

  -Assessment of the worker's basic skills, vocational aptitudes and interest, and the transferability of existing vocational skills.

  -Assistance in identifying immediate and longer-term career goals and development of a plan for services to help clients meet those goals.

- Basic readjustment services, including crisis adjustment assistance, training in job search strategies, and assistance in finding jobs. These services should be:

  -Provided to those interested in immediate employment as well as retraining participants.

  -Sensitive to the distinct characteristics of dislocated workers, particularly their work maturity and need for reemployment at high wages.

- Retraining services necessary to achieve reemployment goals, which should include:

  -A broad range of retraining options, including training for dislocated workers with limited basic skills and training in higher-level as well as entry-level occupations.

  -Training content and methods that are appropriate for adults who often have substantial vocational skills.

- A plan to address the need for income support and supportive service during services.

Using these characteristics of responsive services, we assessed the services provided in the sample of ongoing programs and special projects that were funded with either state 40% or 10% funds. Although the survey could not ask about all the characteristics of training covered in the in-depth site visits, we used to the survey data to create indicators of the responsiveness of EDWAA services. We then examined the effects of state policies and substate area practices on the responsiveness of services, and the relationship between the responsiveness of EDWAA services and the outcomes achieved by the dislocated workers served.

EDWAA Services in Ongoing Substate Area Programs

Rapid Response and Early Intervention Services

Early intervention includes rapid response activities and early provision of needed services. Dislocated workers generally can benefit from early intervention services that address their immediate crisis needs, provide current information about available services and reemployment opportunities, and encourage prompt receipt of basic readjustment and retraining services.

Rapid Response. Although the EDWAA legislation specifically calls for states to lead rapid response efforts, the recession pointed out problems with that requirement. Half of the Phase II states experienced severe budgetary problems because of the worsening economy, which sometimes resulted in hiring freezes or substantial turnover in EDWAA staff. As a consequence of their states' budgetary problems, about a third of the case study substate areas conducted virtually all rapid-response activities on their own, without state assistance. We found no association between the responsiveness of rapid response activities and whether they were led by the state or substate area. Although the need for a well-functioning, experienced rapid-response team is at its greatest during an economic downturn, the capacity of states to provide such a team was often strained during an economic downturn.

The WARN legislation was widely viewed as essential to learning about large-scale dislocations and to reaching the affected workers before the dislocation occurred. Coordination with the Employment Service (ES) and Unemployment Insurance (UI) systems also facilitated learning of both large and small scale dislocations, although often not until the layoff had already taken place.

The EDWAA legislation's emphasis on rapid response substantially increased the number of dislocated workers receiving timely information about EDWAA and related services. However, during the Phase II site visits we found that many sites were not able to respond to all the layoffs in their community because of budget limitations. As a result, several substate areas responded only to large-scale dislocations, particularly those with more advance notification.

Rapid response activities typically involved contacting employers and holding worker orientation sessions. Most study sites used worker orientation meetings to inform dislocated workers about the full range of EDWAA services, as well as services available from the ES/UI system. However, in about half of the substate areas, dislocated workers were not given any information about employment opportunities in the local labor market.

The legislative intent of rapid response was not simply to conduct worker orientations but to use those orientations to link the affected workers to services as soon as possible in order to help them adjust to the crisis of dislocation, develop reemployment plans, and begin needed retraining before the dislocated workers financial resources are exhausted. This intent was less commonly met, although we found many substate areas with responsive practices.

Prelayoff Services. One-third of the study sites provided prelayoff services, beyond orientation, to at least some dislocated workers. The major emphasis of prelayoff services was on crisis adjustment, in the form of financial management or stress management workshops. Other sites also conducted workshops to help dislocated workers choose reemployment career goals and to teach job search skills. Two substate areas helped dislocated workers begin basic skills retraining classes before they were laid off.

Early Recruitment. About half the substate areas studied used their rapid response activities to recruit dislocated workers into ongoing EDWAA programs soon after their layoffs. Early recruitment mechanisms included conducting EDWAA intake on-site during worker orientations, contacting attendees with follow-up letters or telephone calls, establishing labor-management committees to assist with recruitment efforts, and providing on-site prelayoff services.

Less responsive sites generally waited for applicants to come to the substate area's offices seeking EDWAA services, which in many cases was not until the workers' severance pay or UI benefits were nearly exhausted. Further, as demand for EDWAA services increased because of the recession, several substate areas did not have sufficient capacity to enroll all those seeking assistance and developed waiting lists for services.

Survey Results. The survey analysis indicated that states that provided technical assistance on EDWAA issues increased the responsiveness of early intervention services provided by their substate areas. Further, substate areas that formed labor-management committees, coordinated with other agencies, and recruited workers from many sources also provided more responsive early intervention services. Substate areas that integrated a high proportion of their EDWAA services with Title II-A services, however, tended to provide less responsive early intervention services.

Substate areas with more responsive early intervention services enrolled dislocated workers sooner after their layoff. Importantly, workers in substate areas providing more responsive early intervention services, particularly prelayoff services, had higher wage rates 13 weeks after terminating from the program.

Further the survey results emphasize the importance of early enrollment into services. Clients who were unemployed 15 or more weeks by the time they enrolled in EDWAA received significantly less basic skills remediation and were more likely to participate in shorter-term training, particularly on-the-job training, probably because of their greater need for immediate income.

Basic Readjustment Services

Basic readjustment services needed by dislocated workers include a wide range of services. Many dislocated workers need assistance in handling the personal and financial crisis of being laid off before they are able to take purposeful action toward reemployment. Although some dislocated workers approach the EDWAA program with very clear reemployment goals, many other individuals need assistance exploring alternative career opportunities. Because of their lack of recent job search experience, dislocated workers often need training in how to look for jobs and assistance in locating reemployment, either in or outside the local area.

Crisis Adjustment Services. About half of the substate areas provided responsive postlayoff personal counseling and financial counseling to address the trauma of dislocation. Some provided crisis adjustment services through individual counseling sessions, often using trained mental health professionals; the rest covered stress management and financial management in workshops that emphasized group participation and peer support. Individuals requiring more intensive services were usually referred to community agencies for additional assistance.

The remaining sites did not emphasize crisis adjustment services for a variety of reasons. Staff in these sites generally lacked expertise in personal and financial counseling. In addition, some staff wanted to encourage clients to take the initiative to solve their own problems. Finally, most of these substate areas did not serve dislocated workers until they had been unemployed for some time and the initial crisis had passed.

Assessment. Practices to assess clients' interests and abilities varied tremendously among the Phase II sites. About one-third of the substate areas had very responsive assessment practices that used objective tests to generate information about clients' aptitudes and interests to help in career counseling and service planning. Other substate areas assessed clients for a different purpose—to screen entry into retraining programs selected by participants. Still other substate areas made little use of formal assessments, either because staff were not trained in the use of these techniques or because caseloads were too high to spend the required time.

Career Planning. Career planning, including the provision of current labor market information, is an essential service because many dislocated workers need to choose a new occupation. The quality of the career and labor market information provided varied substantially. About a quarter of the substate areas studies provided responsive career planning to all dislocated workers through group workshops and individual counseling.

In other sites, career counseling was less responsive. Some sites failed to provide accurate information about the expected labor demand for different occupations. Further, about one-third of the substate areas studied reserved career counseling for individuals interested in retraining and offered no assistance in developing appropriate reemployment goals to those interested in immediate employment.

Service Planning. A third of the substate areas had very responsive service planning procedures that encouraged setting of intermediate as well as long-range goals and emphasized the selection of services that would lead to high-quality long-term employment. In these sites, a variety of EDWAA basic readjustment and retraining services were available and service plans were tailored to the needs of the individual client.

The service planning practices in the remaining substate areas were less responsive. Some reserved service planning for those who had already decided to enter retraining rather than assisting dislocated workers in making this key decision. Others referred workers to providers' programs that needed participants rather referring clients to the services that best matched their interests and employment goals. Still others offered such a limited range of services that they could not develop service plans that responded to the diverse needs of dislocated workers.

Job Search Training and Assistance. Overall, a third of the substate areas provided highly responsive job search training and job search assistance to dislocated workers. These sites provided job search services to participants interested in immediate employment as well as to retraining participants. Job search training was intensive and was oriented to helping workers to look for high-wage jobs. These sites provided ongoing assistance during job search through job clubs or assistance from vocational counselors or job developers.

Among the remaining sites, moderately responsive job search training/assistance, targeted to retraining participants, was provided by another third of the substate areas. Job search training in these sites was shorter. Ongoing job search assistance in these sites was provided through periodic counseling contacts or referrals to the local ES office.

Unresponsive job search training/assistance was provided in eight substate areas that provided only brief job search training and relied primarily on the self-placement efforts of dislocated workers. Job search training in these sites did not emphasize how to find high-wage employment.

Relocation Counseling and Assistance. Only two sites, each of which had local unemployment in excess of 10%, offered relocation counseling to EDWAA participants. Relocation assistance received little emphasis in the other sites for several reasons. First, EDWAA clients and their families were often not interested in relocation, even when service provider staff encouraged it as an option. Second, local elected officials tended to discourage relocation assistance as a response to dislocation in the local economy. Third, EDWAA staff generally lacked access to detailed information about job opportunities in other locations.

Survey Results. As was the case for early intervention services, basic readjustment services were more responsive in substate areas that formed labor-management committees, coordinated with other programs, and recruited dislocated workers from many sources.

Substate areas with more responsive basic readjustment services tended to enroll clients sooner after their dislocation. Further, workers enrolled in sites with more responsive basic readjustment services had significantly higher entered employment rates than workers enrolled in sites with less responsive services, suggesting that responsive basic readjustment services lead to more rapid reemployment.

Classroom Training Services

The EDWAA legislation encourages the provision of substantial retraining to dislocated workers who cannot obtain appropriate reemployment without new skills. Because of dislocated workers' diversity, the types of retraining needed vary substantially, depending on the level of education and transferable occupational skills of dislocated workers as well as the jobs available in the local labor market. We examined the responsiveness of both basic and occupational classroom training services.

Basic Skills Remediation. About one-third of the substate areas offered very responsive basic skills remediation to dislocated workers. Some of these sites provided open-entry, open-exit basic skills instruction directly, using computer-based remediation facilities or on-site remedial classes. Others contracted with other agencies for basic skills instruction tailored to the needs of dislocated workers. A variety of remediation options in these sites permitted basic skills training assignments to correspond to the particular level of instruction needed by individual workers.

The remaining substate areas offered less responsive basic skills remediation services. Half of these substate areas referred dislocated workers needing basic skills remediation to other community agencies, but four did not arrange for any basic skills remediation. Unfortunately, three of these sites without any remediation opportunities served many dislocated workers with severe basic skills limitations.

Barriers to providing responsive basic skills training included limited local educational resources, inadequate EDWAA funding, and a belief that basic skills training was not an appropriate EDWAA retraining activity.

Classroom Training in Occupational Skills. About a third of the substate areas offered responsive classroom training in occupational skills. These sites offered a mix of short-term training options (to accommodate dislocated workers who wanted quick reentry into the workforce) and longer-term training (for those who wanted more extensive retraining), but with an overall emphasis on more substantial training of longer duration. Training was available in a variety of occupational areas and skill levels, including both entry-level and advanced occupational skills to take advantage of the previous work experience and skills of dislocated workers. Substate area administrators guided the content of retraining curricula in these sites, reviewing the appropriateness of courses for dislocated workers and increasing the accessibility of course offerings. Most of the sites with highly responsive training also offered a broad range of placement services to participants after training, including job search training classes, job clubs, and placement assistance.

The remaining substate areas provided less responsive occupational classroom training, generally providing training in entry-level skills rather than offering a mix of options appropriate for both high-skilled and low-skilled dislocated workers. Several sites offered only short-term training in entry-level occupations; two offered retraining in a very limited number of occupations. Substate areas with less responsive training rarely reviewed the appropriateness of retraining curricula for dislocated workers. Clients who were not placed immediately after training were not quickly linked to other placement services in these sites, and placements in occupations unrelated to training occurred more frequently than in the responsive sites.

Survey Results. Substate areas that coordinated with other agencies provided more responsive classroom training because they were able to offer a wider range of services. Dislocated workers served by substate areas with more responsive retraining services earned significantly higher wages rates when they terminated from the program, suggesting that more responsive retraining leads to greater wage replacement.

On-the-Job Training

Another retraining option is on-the job training (OJT). OJT positions should provide training in new skills and should cover a range of occupations that are appropriate to the needs of workers assigned to this service option and that will lead to stable employment.

A third of the substate areas offered OJT that was at least moderately responsive to the needs of dislocated workers. All of these substate areas tried to ensure that dislocated workers were learning new skills in their OJT jobs. Most provided OJT in higher-skilled as well as entry-level jobs.

In contrast, another forty percent of the substate areas provided very unresponsive training through OJT. All these sites provided OJT only in entry-level occupations and paid little attention to whether new skills were to be acquired. Unfortunately, four of the substate areas with unresponsive services used OJT for a high proportion of EDWAA clients.

Across all substate areas, relatively little attention was given to whether OJT assignments were for jobs that were in demand in the local labor market. In many cases it was assumed that if an employer had a job opening, the occupation was in demand. Only two substate areas had developed explicit criteria for the occupations for which they would write OJT contracts (i.e., stable and growing occupations).

The survey analysis indicated that OJT was more commonly provided in substate areas that integrate EDWAA and Title II-A services but that OJT services were less responsive in those substate areas. Further, dislocated workers who were unemployed 15 or more weeks when they applied for EDWAA services were significantly more likely to receive OJT, probably because of their greater need for immediate income. Substate areas that relied more heavily on OJT tended to have higher entered employment rates but lower wage rates.

Supportive Services

Supportive services were generally targeted to EDWAA clients attending classroom training. In most of the sites that offered classroom training, participants could receive at least some supportive services. In contrast, only four substate areas provided supportive services to participants in OJT.

Supportive services were particularly responsive in three substate areas that offered transportation assistance, child care assistance, other instructional and work-related support, and needs-related payments to EDWAA participants. Many other substate areas provided a moderate level of supportive services, including transportation and/or child care assistance but no needs-related payments. Five substate areas, however, provided no supportive services to EDWAA participants, believing that supportive services were not needed by or were not appropriate for dislocated workers.

Nationwide about 90% of the substate areas reported offering some type of supportive services, although only 30% provided any needs-related payments. When available, supportive services were typically provided to relatively few participants. In about half of substate areas, supportive services were provided to 25% or less of participants. Only 20% of substate areas provide needs-related payments to more than 5% of their participants. Among substate areas providing needs-related payments, 60% provided $50 per week or less in support. Reasons for providing limited supportive services included inadequate funding and the lack of budget flexibility because of other EDWAA expenditure limitations and requirements. Dislocated workers served by programs providing more extensive supportive services tended to have lower employment rates at termination, perhaps because such services reduce how quickly participants find jobs after leaving the program.

Overall Responsiveness of Services

Although several problem areas were identified in our Phase II site visits, we found multiple examples of responsive services in every area. In the survey analysis, we found substate areas with more responsive services overall have substantially higher entered employment rates, suggesting that their participants found reemployment more rapidly, and higher wage rates 13 weeks after leaving the program, suggesting that their participants achieved greater wage replacement. Thus, we strongly encourage disseminating models of responsive services to assist substate areas in meeting the goals of the EDWAA program.

EDWAA Services in Special Projects

Phase II also examined the responsiveness of training provided in 10 special projects. All of these projects received at least part of their funding from state 40% or 10% funds, and the service delivery arrangements in each project were different in some way from the substate area's ongoing service delivery system. Eight of the sampled projects were plant-specific and included three defense-related manufacturers, two military base closures, and timber, food processing, and textile plants. One targeted services to members of a single union working in a set of related industries, and one coordinated "front-end" services from a number of service agencies in the form of a one-stop client intake center.

Characteristics of Special Projects

Several factors accounted for the decision to set up a separate delivery mechanism in the special projects. Most important by far were the size and political visibility of the dislocation, which threatened to overwhelm the service capacities and resources of the substate area's formula-funded program. These dislocations also tended to have relatively long advance warnings, which made project planning more feasible and made it worthwhile to invest in on-site service centers. Previous substate experience in operating special projects and strong up-front company involvement enabled project organizers to build on designs and procedures that had already been tested and to take full advantage of the employer's interest and commitment. Finally, in several cases the special project allowed states or substate areas to try out new types of administrative entity or service delivery arrangements.

The dislocation events that led to these special projects posed exceptional challenges—the potential for devastating "spin-off effects" on the local economy, large numbers of workers with similar skills seeking jobs at the same time—but they also provoked an exceptional level of response. The special projects as a whole were characterized by unusually close cooperation among the substate area, state rapid response team, employer, local government, and community groups. Support from multiple funding streams was specially earmarked for the project, permitting expanded coverage of the target population or expanded services. Longer advance notice of the layoff or closure allowed extra time for specially tailored services to be designed and implemented.

The participation of multiple organizations in project design and the use of on-site service centers also contributed to the success of the special projects. Active participation by the employer, labor-management committees, and the community college system, along with the use of worker surveys in designing projects, was associated with more responsive services. Projects in which the substate area was the only design influence were less able to provide responsive services. In addition, six projects operated service centers at or near the work site. These centers generally had a very positive effect on recruitment, early intervention, placement efforts, and case management. In two cases, however, locating centers on the plant premises led to problems with workers who did not distinguish between EDWAA and "the company that is taking our jobs away."

Two of the sample projects arose from military base closures and served both civilian and military personnel. As a rule, base closures have the advantage of very long advance notice before layoffs occur. However, this advantage can be lost if planning is hampered by uncertainties about the size, timing, and composition of layoffs, as happened in one case. Both base closure projects reported initial problems in gaining access to the base and in communicating with the military command. In one case, communication problems were eased by the early formation of a labor-management committee headed by a base officer. Staff counselors also found that EDWAA eligibility rules may be difficult to apply to military personnel and indicated that a standard set of guidelines for armed forces applicants would be useful.

Responsiveness of Special Projects Versus Ongoing Substate Services

Special projects in the sample tended to serve a much higher proportion of their eligible populations; three projects enrolled 60% or more of all eligible workers, and three others served 40% or more. Recruitment was aided by on-site centers, company and union cooperation, early intervention, and easier eligibility determination. In general, the special projects offered early intervention services that were more intensive than those in ongoing substate programs, particularly where employers provided adequate advance notice. Half the sample projects provided their full range of basic readjustment services both before and after layoff.

The special projects were more likely than ongoing EDWAA programs to treat basic readjustment services as substantial services in their own right, and not merely as adjuncts to training. Eight projects provided job search workshops, job clubs, or both; in several cases they were of exceptional quality. Placement services were oriented to higher-skilled technical and managerial jobs as well as entry-level positions,

- Promoting labor-management cooperation in designing and implementing services to dislocated workers.
- Improving resource management practices and accountability for services and outcomes.
- Encouraging states and substate areas to take a long-term view of worker readjustment, including offering long-term training, where appropriate.
- Extending program coverage to broad segments of the eligible dislocated worker population.

The site visits to states and substate areas in all phases of this study, as well as the survey analysis, examined how states and substate areas responded to these themes, the extent that the intent of these themes was being realized, and how these aspects of EDWAA enhanced the services received and the outcomes achieved by dislocated workers.

Building a Substate Delivery System

The EDWAA legislation requires states to create an ongoing substate delivery system covering the entire state, which was intended to result in broader and more timely coverage of dislocations throughout the state. This study examined several issues related to the substate delivery system, including targeting funds to areas in need, the designation of substate entities, and efforts by states to increase the capacity of substate areas to serve dislocated workers effectively.

Targeting Areas in Need

Allocation Formulas. The formulas that states use to allocate funds to their substate areas vary widely in the emphasis placed on (1) the extent of recent dislocations, (2) the amount of unemployment, and (3) the number of long-term unemployed in the area. The relative emphasis placed on these major factors affected all facets of EDWAA design and operations. Substate areas in states with formulas that emphasized the amount of recent dislocations (instead of one of the other two factors):

- Developed more nonfinancial coordination linkages.
- Recruited from dislocated-worker specific sources more often.
- Served more workers from substantial layoffs.
- Served more recently laid off workers.
- Provided more basic skills training and less OJT.

particularly in those projects with strong company involvement. Overall, however, counseling, assessment, and case management services were not substantially different from those in ongoing substate programs.

With regard to classroom basic skills training, there was little difference between the special projects and substate areas in the range and overall quality of the training. Special projects also tended to provide a greater diversity of occupational skills training, particularly for higher-skilled jobs. Six projects offered some form of classroom occupational training that was custom tailored for project participants.

Special projects were more likely than ongoing substate area programs to provide supportive services and offered a wider range of these services. In addition to child care and transportation, several projects provided needs-related payments, housing assistance, or medical insurance coverage for participants. Community organizations were more closely involved in providing supportive services, especially housing assistance.

The finding that special projects provided more responsive training than ongoing programs does not imply that all EDWAA services should be provided through special projects. As indicated above, these projects were initiated because of extraordinary circumstances and were facilitated by a wider community involvement and often substantial contributions by employers. Nonetheless, an important lesson from these special projects is that they tended to be more responsive because they were able to design services to meet the distinct needs of their participant populations. Greater attention to the specific needs of affected workers would likely increase the responsiveness of ongoing programs in many substate areas.

THEMES OF THE EDWAA LEGISLATION

The second focus of this study was on how the major the themes of the EDWAA legislation were implemented by states and substate areas. In addition to the strong emphasis on rapid response, discussed above, the EDWAA legislation emphasizes the following themes:

- Building the capacity of substate areas to plan and administer dislocated workers services.
- Encouraging coordination between EDWAA resources and other federal, state, and local programs to increase the effectiveness of services to dislocated workers.

On the other hand, substate areas in these states attained lower wage rates, presumably because of the higher levels of dislocation in communities receiving more funding.

In our case studies we found that an important reason that states did not weight more heavily the amount of current dislocation in their allocation formulas was the lack of data. If the current proposal to develop a system for tracking layoffs is approved, it would enhance the ability of states to target funds to areas experiencing the greatest level of dislocations.

Discretionary Funding. The recession greatly increased the number of dislocated workers needing services in many substate areas As a result, in our Phase II site visits, the majority of substate areas found that their initial allocations were not sufficient to meet the needs of workers in their area. In the substate areas with moderate dislocation, discretionary supplementary grants from 10%, 40%, or National Reserve funds were generally considered adequate to respond to the existing level of demand for EDWAA services, although several substate areas with moderate dislocation curtailed their recruitment efforts so as not to generate an excess demand for services.

In the substate areas with high dislocation, however, discretionary funding resulted in adequate funding in only about half the sites. In the remaining sites, final funding levels were not adequate to respond to the existing demand for EDWAA services. These substate areas were forced to take a variety of steps, including drastic cutbacks in EDWAA recruitment (such as elimination of follow-up contacts to workers attending rapid response orientations), implementation of waiting lists for EDWAA enrollment, and closing enrollments in retraining until the beginning of the next program year. The use of waiting lists and down scaling of recruitment efforts became more widespread in subsequent years as the recession deepened.

Several states felt that they had not held sufficient funds in reserve for discretionary grants to substate areas in need and regretted having committed substantial funds at the beginning of the program years, for example, for projects to serve special populations. Many of these states had committed their funds early out of concern about meeting their expenditure requirements.

The total amount of EDWAA funding does not depend on the state of the economy, and therefore, on the amount of current dislocation. As a result, strategies that work well in years of high demand for services, such as holding funds in reserve, may result in under expenditures when the economy improves. The experiences during the recession point out a fundamental tension between the goal of being able to respond to unanticipated needs and the goal of ensuring that all funds are spent within a given year.

Designating Substate Entities

Most states designated Title II-A SDAs as EDWAA substate entities, for the most part to take advantage of the existing training capacity at the local level. This study investigated several issues relating to this choice.

Funding Levels. Because states usually selected all their SDAs as EDWAA substate areas, some substate areas received relatively small amounts of EDWAA funding. We found that the level of funding had some influence on EDWAA organization: substate areas that received less funding were more likely to integrate their EDWAA and Title II-A services and to provide services in house. The level of funding had relatively few effects on the types of clients served or the types of services provided although areas receiving large levels of funding provided more responsive early intervention services. The level of funding did not significantly affect the outcomes achieved by EDWAA participants.

The ratio of EDWAA to Title II-A funding had more influence on services and outcomes. Substate areas with a higher ratio of EDWAA to Title II-A funding provided significantly more responsive classroom training and supportive services. Furthermore, EDWAA participants in these substate areas tended to achieve higher wages at termination and at follow-up. These results suggest that substate areas focus less on the distinct needs of dislocated workers when EDWAA is only a small part of their program operations.

Integration of EDWAA and Title II-A Services. On average, substate areas integrate about half of their EDWAA services with similar Title II-A services. Integration is more likely in areas receiving less EDWAA funding and areas that served dislocated workers in the previous Title III program.

In general, integration of EDWAA and Title II-A services tends to result in enrollment of clients more similar to Title II-A clients and provision of services more similar to Title II-A services. Substate areas that integrate more services appear to focus less on services that are distinct to the EDWAA program, such as basic readjustment and early intervention services. The 1992 JTPA Amendments require that Title II-A services be more individualized to the needs of each client. These changes may enhance the responsiveness of EDWAA services as well in substate areas that integrate EDWAA and Title II-A services.

These results do not imply that the current substate delivery system should be abandoned. In our case studies, we found many examples of substate areas that integrated services and yet provided services (including early intervention services) very responsive to the needs of dislocated workers. Thus, integration of services does not preclude responsive services. These results do imply, however, that integration of EDWAA and Title II-A services poses several challenges that substate areas must address. Technical assistance efforts should disseminate models of responsive services in both integrated and separate settings.

Providing Technical Assistance

The results of this study provide substantial evidence that states can influence the EDWAA programs in their states through technical assistance and other capacity building efforts. Substate areas in states that provide technical assistance:

- Developed more coordination linkages with other programs.
- Provided EDWAA services that were less integrated with Title II-A services.
- Enrolled more recently laid off workers and fewer long-term unemployed.
- Provided much more basic skills training to dislocated workers, and less short-term training.
- Developed more responsive early intervention services.
- Achieved higher wage rates for their participants.

In our case studies we found that many substate areas were developing services for dislocated workers without much information about practices and programs in other areas. Further, services tended to be more responsive in substate areas that had gained more experience in serving dislocated workers, through responding to many layoffs, and thus were further along the "learning curve" in developing effective strategies. These results strongly indicated that provision of technical assistance and the sharing of information about EDWAA services among substate areas can pay off in terms of more responsive services and better outcomes for dislocated workers.

Increasing Coordination

The legislation calls for EDWAA programs to coordinate with other programs serving dislocated workers to increase efficiency and improve service quality. Substate areas with previous experience serving dislocated workers under Title III established more financial and nonfinancial coordination linkages with other agencies, suggesting that it takes some time to develop effective coordination.

Coordination between EDWAA and the ES/UI system was well developed in most areas. ES labor market information was often used in planning EDWAA services, in determining eligibility for EDWAA services, and in determining occupations in demand. Linkages with the ES/UI system also helped EDWAA programs identify plant closures and layoffs, particularly those not requiring WARN notices. In several substate areas, ES provided basic readjustment services to dislocated workers.

Coordination with TAA was less well developed, in part because of confusion arising from the complexity of the TAA program and in part because of a lack of clear policies about how to provide and fund services to workers eligible for both programs. Nonetheless, several states developed effective strategies to coordinate with TAA, including the following:

- TAA petitioning processes were coordinated as early as possible, sometimes during rapid response activities.
- EDWAA staff were proactive, searching for eligible dislocated workers to petition for TAA benefits.
- A tracking system was developed to identify dislocated workers and update TAA certifications to ensure that eligible claimants received TAA benefits.
- Explicit referral policies were developed that outlined agency responsibilities and clearly stated the point at which participants should be referred from one program to the other.

These policies created a more effective system for serving dislocated workers; administrative lag time was reduced; participants were better able to participate in long-term training because of the enhance income support; and duplication of services was avoided.

Although several states coordinated with economic development agencies to try to prevent layoffs, success was rare. More successful were linkages between EDWAA and economic development training programs and with economic development efforts to attract new businesses.

Coordination with educational agencies occurred primarily when substate areas purchased training services from vocational schools, community colleges, and other local educational agencies, which were the major providers of classroom retraining services in a majority of substate areas. Coordination with these schools in assisting participants apply for Pell grants and other sources of support resulted in greater income support and thus more longer-term training for EDWAA participants.

Coordination linkages had substantial effects on the responsiveness of EDWAA services, primarily because coordination allowed substate areas to provide a broader range of services and training options. Substate areas with more nonfinancial linkages provided more responsive early intervention services and more responsive basic readjustment services. Those substate areas with more financial linkages provided more responsive classroom training. These results indicate that the legislation's emphasis on coordination is well founded.

Promoting Labor-Management Cooperation

The legislation encourages cooperation between labor and management in planning services for dislocated workers, including the development of labor-management committees.

The level of state and substate interest in promoting labor management committees varied dramatically. In some states, labor-management committees were viewed as an essential element of rapid response and were presented to employers as "the way we do rapid response under EDWAA." Other states encouraged and supported the formation of labor-management committees when employers were open to the idea but formed committees rarely, usually only for very large-scale dislocations.

A variety of other mechanisms were also used to promote active employer and worker involvement in EDWAA planning and service delivery. These practices included the formation of general labor-management councils; creation of broader community task forces for large-scale layoffs; encouragement of employer contributions to support services, even if labor-management cooperation was not possible; and active involvement of labor organizations in the design and delivery of services to dislocated workers.

In the case studies, we found that labor-management committees helped in recruiting workers into EDWAA and helped tailor services to the needs of workers from specific layoffs. The survey analysis confirmed these effects: substate areas that established more committees enrolled more workers from substantial layoffs and provided significantly more responsive early intervention and basic readjustment services.

Improving Accountability

To increase accountability, the EDWAA legislation gives states responsibility for holding substate areas accountable for their performance and for timely expenditure of program funds. This study examined several issues relating to these provisions.

Expenditure Policies

The EDWAA legislation sets an 80% expenditure requirement for states, and most states established expenditure requirements for their substate areas of 80% or higher. In the first year of EDWAA implementation, all states heavily emphasized expenditure accountability to help ensure that the required expenditure levels were achieved by the end of the program year. Generally, program expenditures were monitored quarterly during the first half of the program year and monthly thereafter. Both voluntary deobligation and mandatory recapture of unexpended funds were used in the majority of the states visited. Because of the recession and increased demand for EDWAA services, however, monitoring underexpenditures became much less important in subsequent program years.

Nonetheless, in the survey analysis we found that substate areas that indicated they had difficulty in meeting their expenditure requirements differed from other substate areas in many ways. Specifically, substate areas having difficulty expending their funds:

- Established labor-management committees for fewer of their large-scale layoffs.
- Recruited less often from dislocated-worker specific sources, such as from rapid response activities.
- Were more likely to focus on rapid reemployment of participants than on providing long-term training.
- Enrolled fewer clients from substantial layoffs and more long-term unemployed.
- Provided OJT to more clients.

- Provided significantly less responsive early intervention and basic readjustment services.
- Achieved lower follow-up wage rates for their clients (even controlling for the types of services provided).

These results strongly suggest that the legislation's concern about expenditures is well founded. Having difficulty expending funds is more than an indicator of having more funds than needed; it is also an indicator of general management problems. Clearly, substate areas reporting difficulty meeting their expenditure requirements have much less well-developed EDWAA services, resulting in poorer outcomes for EDWAA participants. These substate areas appear to require substantial assistance in establishing effective EDWAA programs.

Performance Standards Policies

Although not required, twenty-one states adopted the wage at placement as an EDWAA performance standard or goal in PY 90. Adoption of the wage rate as a standard or a goal had some beneficial effects: it led substate areas to increase their nonfinancial coordination with other agencies and to develop more responsive basic readjustment services. On the other hand, substate areas in these states also tended to enroll easier-to-serve clients, perhaps because about half of the states did not adjust the wage standards for differences in the characteristics of clients served. If the wage standard is adopted, states should be encouraged to use the optional DOL adjustment model or another approach that adjusts for clients' previous wages and other characteristics.

Only four states awarded incentive funds for EDWAA performance in PY 90. However, substate areas in those states achieved significantly higher employment rates and wage rates for their participants (even controlling for any differences in clients served or services provided). Incentives for performance appear to increase substate areas' efforts to obtain positive outcomes for their EDWAA clients.

Promoting Long-Term Training

The EDWAA legislation emphasizes the importance of long-term training through the requirement that substate areas expend at least 50% of their funds on retraining and by encouraging states to establish incentives for long-term training.

In the case studies, although a majority of states and substate areas were generally supportive of providing longer-term training to dislocated workers, a number of respondents indicated that the emphasis should be on *intensive* rather than *lengthy* training. Training that is condensed to provide training in essential skills in a shorter period may be far more responsive to dislocated workers' financial needs than a lengthy two-year program with many prerequisite courses that may not be needed by workers with substantial work experience.

Eight states provided substate areas with financial incentives for providing long-term training in PY 90. Substate areas in these states provided much more basic skills training and less short-term training of less than 26 weeks. Further, these substate areas enrolled significantly more dropouts and those reading below the 7th grade level, clients for whom long-term training is particularly appropriate. Thus incentives and other policies to increase long-term training appear to have had the intended effect of increasing the intensity of training provided to dislocated workers.

Perhaps because of their focus on retraining, however, these substate areas offered less responsive basic readjustment services to dislocated workers. In our case studies, we found several substate areas were struggling with a trade off between providing long-term training and providing dislocated workers with the early intervention and basic readjustment services needed to deal with the immediate crisis of being laid off.

Serving a Broad Range of Workers

Several aspects of the legislation encourage service to a broad range of dislocated workers. Eligibility is extended to three main types of workers: those who are long-term unemployed with limited opportunities for employment in the same or similar occupation; those laid off and unlikely to return to their previous industry or occupation; and those laid off from a substantial layoff or permanent closure. The first two categories restrict eligibility to those who are "structurally" unemployed, in that demand for their previous jobs has permanently declined. The third category makes no such restrictions. Although many workers affected by large-scale layoffs may need to change their occupations or industries, others may be "cyclically" unemployed due to a temporary decline but may be able to return to the same or similar jobs when the economy improves.

The relative emphasis on these three types of dislocated workers changed dramatically because of the recession. In PY 89, a third of the substate areas gave priority to long-term unemployed over recently laid-off workers. In PY 90, in contrast, none of the substate areas emphasized long-term unemployed workers and most shifted their efforts to serving recently laid off workers. Further, as the recession subsequently deepened and funds became less adequate, many substate areas limited their rapid response efforts to large-scale layoffs and reduced efforts to recruit individually laid off workers. Further, discretionary funds were often made available to serve workers affected by specific large-scale layoffs. Thus because of the recession, the emphasis on serving the long-term unemployed and individually laid off workers has declined.

RECOMMENDATIONS

Overall, the EDWAA program represents a substantial improvement over the previous Title III program, increasing the provision of more substantial services to more dislocated workers. This study has confirmed that many of the provisions of the EDWAA legislation were well founded and improved the functioning of dislocated worker programs. These provisions include:

- Ensuring the capacity for rapid response, which increased the number of workers receiving timely information about resources available to them and, in many cases, resulted in early enrollment in services.
- Building a substate delivery system, which made it possible to serve a broader range of dislocated workers and avoided delays that were previously experienced in establishing a new system and obtaining new funding for each layoff.
- Encouraging coordination, which increased the range of services available to dislocated workers.
- Encouraging of labor-management cooperation, which increased participation and the responsiveness of services to the specific needs of affected workers.
- Improving accountability, which greatly lessened the chronic problem of underexpenditure experienced in the previous Title III program.
- Encouragement of longer-term training, which increased the intensity of training to dislocated workers.

The experience in implementing EDWAA during the first four years, however, has also pointed out aspects of the EDWAA legislation that have not had their intended effects or that should be modified to improve services. Below we make several recommendations for improving the functioning of dislocated worker programs.

Organization and Funding

Substate Delivery System

A substate delivery system has been very beneficial in creating an ongoing capacity to identify and serve a broad range of dislocated workers in each community. Most state designated all their Title II-A SDAs as EDWAA substate entities, in part to build on the existing training capacity in each community. This study found numerous examples of substate areas with well-developed EDWAA programs, and the responsiveness of programs appear to improve as substate areas gain experience in serving dislocated workers.

Nonetheless, problem areas were found, particularly in substate areas that adopted a "business as usual" attitude and did not examine whether their existing programs met the distinct needs of dislocated workers. To improve services, therefore, we recommend more extensive capacity building efforts to help substate areas design programs that directly address the distinct needs of dislocated workers. Services responsive to those needs lead to more rapid reemployment and higher wage replacement for dislocated workers.

Funding

Currently substate areas receive an initial allocation and may receive additional discretionary funds from the state (if the state has held funds in reserve) or from the National Reserve fund. In many states, the allocation formula does not emphasize the extent of current dislocation because of a lack of adequate data. Further, the experiences during the recession emphasize the importance of states making discretionary funding available to respond to unanticipated needs.

We recommend that a data system to track dislocations be established to improve allocation formulas. Further, states should be encouraged or required to make discretionary funding available, particularly during an economic downturn. We also recommend that the total federal funding for EDWAA increase as the amount of dislocation increases nationwide.

Services for Dislocated Workers

Early Intervention Services

Currently rapid response is the responsibility of states. Although many substate areas lead rapid response in their areas, they either must subcontract with the state or pay for their efforts with their own funds. We recommend that the legislation be revised to recognize a strong substate role in rapid response. The key should be that rapid response effort be conducted with qualified and experienced staff, whether at the state or local level.

The intent of rapid response is to link affected workers to services as soon as possible, but that goal was not met in many cases. Rapid response activities are quite limited, generally consisting of contacting the employer and holding worker orientation meetings. More intensive services are included in other categories and, when the state leads rapid response, are provided by a different agency. One possible way to encourage the linking of rapid response to other services would be to broaden the definition of rapid response activities to include group prelayoff services, including crisis management, career exploration, and job search training workshops. As part of rapid response, these prelayoff services could be provided to many dislocated workers to assist them in coping with their dislocation and in deciding whether they need more individualized services and, thus, should enroll in EDWAA.

Basic Readjustment Services

Assessment, career exploration and service planning are essential services for many dislocated workers, particularly those who need to change occupations. Provisions of the 1992 JTPA amendments require assessment and individualized service planning for Title II-A, II-B and II-C clients but not for dislocated workers. We recommend, however, that this model of individualized services be adopted for dislocated workers as well. On the basis of the well-developed services we found in some sites, we recommend that assessment for dislocated workers cover not only their interests and abilities but also the transferability of their existing skills to other occupations. Career planning should include accurate information about occupations in demand in the labor market. These essential services should be provided to all dislocated workers, not just those who have already decided to seek retraining.

Although the 50% retraining requirement increased the intensity of services for dislocated workers and reduced the provision of job-search assistance only, this requirement made it difficult for some substate areas to provide extensive basic readjustment services required by their dislocated workers. If an individualized service strategy is developed for each worker, then we recommend that the relative emphasis on basic readjustment services versus retraining be determined by the needs of the specific workers served in each area.

Retraining

Consistent with a model of individualized services, a wide range of retraining options should be made available to meet the diverse needs of dislocated workers. It should be clarified that basic skills training is an appropriate EDWAA service, and substate areas should be encouraged to make basic skills training available to dislocated workers, either directly or through referrals to other agencies.

We recommend that substate areas increase their retraining options through coordination with other programs, individual referrals to a wide variety of training programs, and/or contracting with a wide variety of training providers. We also recommend that the legislation be modified to encourage provision of intensive, rather than long-term, training.

Supportive Services

Supportive services, particularly needs related payments, are not widely available because of budgetary limitations. The lack of income support was a barrier to participation in intensive training for many dislocated workers. We recommend increased Federal and state efforts to coordinate limited EDWAA funds with other sources of income support, including TRA, Pell grants, state retraining funds, and student loans.

Chairman WILLIAMS. Thank you. The final witness on this panel is Dr. Walter Corson. Dr. Corson is Vice President of Mathematica Policy Research, out of Princeton, New Jersey. Doctor, thank you for being with us.

Mr. CORSON. Thank you. I'm pleased to have this opportunity to present the findings of two recent evaluations of programs for dislocated workers and to discuss the implications of these findings for designing an effective dislocated worker program.

The first evaluation that you asked me to discuss is an evaluation of the Trade Adjustment Assistance program. This program provides extended unemployment insurance benefits and reemployment services to workers who have lost their job in the face of increased import competition.

For this study our evaluation sought to describe the pre-layoff characteristics and post-layoff labor market experiences of TAA recipients, both prior to and following major changes that were made to the program in 1988. Most notably, these changes made training an entitlement and introduced the training requirement.

The study found that the workers served by the TAA program clearly exhibited the characteristics associated with dislocated workers. In most cases, they were permanently separated from their pre-layoff employers, and in the majority of cases, the layoffs were due to plant closing. As compared to the general population of dislocated workers identified by the Bureau of Labor Statistics and the population served by Title III of the JTPA program, the TAA recipients had high average pre-layoff wages, high rates of fringe benefit receipt and long job tenure.

Our findings regarding post layoff employment and earnings are consistent with the presumption that the TAA program serves unemployed workers who have difficulty in finding reemployment. The post layoff jobless spells of recipients were long, the recipients who held jobs 3 years after their initial UI claim experienced significant wage and benefit losses. More than three-quarters of the reemployed recipients earned less in their new job than they had in their pre-layoff job.

Our findings regarding impact on earnings of training, which was received by 40 percent of the workers prior to the 1988 amendment and close to 50 percent following the amendments, provides only weak evidence that training had a positive effect on earnings. At least, within the 3 years that we were able to observe.

The second evaluation that you asked me to discuss is an evaluation of the New Jersey UI reemployment project. This project examined whether the UI system could be used to identify dislocated workers early in their unemployment spells and uses a mechanism to provide them with alternative early intervention services. Three packages of services were tested: Job search assistance only, job search assistance combined with training, and job search assistance combined with a cash bonus for early reemployment.

Several eligibility screens were used in the demonstration in an attempt to target demonstration services towards claimants who were likely to be dislocated and were likely to experience difficulty in becoming reemployed. Benefits, in the end, went to about a quarter of—or the program was directed at about a quarter of the claimants who received the first payment. And on average, these claimants collected UI benefits for longer periods than noneligible claimants. So the screens, on average, were effective in directing the program to long-term recipients.

In general, the evaluation found that each of the service packages led to reductions in the length of unemployment spells, the increasing in earnings, and to reductions in UI benefits. Relatively few of the individuals offered training participated in training, and the training offer did not appear to have been a factor that contributed to short-run increases in employment and earnings.

However, a followup study that extended the observation period to 3 years found some weak evidence of both classroom and on-the-job training did enhance earning.

The findings of these two studies have, I think, three implications for designing an effective dislocated worker program. First, as shown in the New Jersey project, the unemployment insurance system can be used to identify a broad population of dislocated workers early in their unemployment spells.

Second, the New Jersey project indicates that many dislocated workers have the skills to become reemployed, and that providing job search assistance is an appropriate initial step in serving these workers. The TAA evaluation also suggests that those workers who can find jobs in their pre-layoff occupations fare far better than those who are forced to switch jobs.

Finally, neither evaluation suggests that training dislocated workers is a panacea. Instead, training individuals for a new occupation is a difficult, long-run process that is probably appropriate only for a relatively small portion of the dislocated worker population.

Thank you.

[The prepared statement of Walter Corson follows:]

STATEMENT ON EXISTING PROGRAMS TO HELP DISPLACED WORKERS FOR THE SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS COMMITTEE ON EDUCATION AND LABOR U.S. HOUSE OF REPRESENTATIVES

April 20, 1993

Walter Corson
Vice President
Mathematica Policy Research

Mr. Chairman and members of the committee, I am pleased to have this opportunity to present to you the findings of two recent evaluations of programs for displaced workers and to discuss the implications of these findings for designing an effective displaced worker program.

The two evaluations are of (1) the Trade Adjustment Assistance Program and (2) a demonstration that provided reemployment services to Unemployment Insurance recipients in New Jersey, the New Jersey Unemployment Insurance Reemployment Demonstration.

THE TRADE ADJUSTMENT ASSISTANCE EVALUATION

The Trade Adjustment Assistance (TAA) program offers Trade Readjustment Allowances (TRAs) and reemployment adjustment services to workers who lose their jobs in the face of increased import competition. Established in 1962, the program initially emphasized compensating workers for their lost income, and relatively few workers received training, job-search assistance, or relocation allowances to support their adjustment to new jobs. Beginning in 1981, the emphasis of the program was shifted toward providing adjustment services, particularly training: TRA benefits were targeted more strictly at the long-term unemployed, and more funds were made available for training. Furthermore, as one of several major changes that were made to the program in 1988, training was made an entitlement for eligible workers, and TRA recipients were required to participate in an approved training program, unless they received a waiver exempting them under certain circumstances.

The Design of the Study

The evaluation describes the pre-layoff characteristics and post-layoff labor-market experience of TRA recipients, based on data on nationally representative samples of TRA recipients who participated in the program either just before or just after the 1988 program changes. It also describes the training provided under the program, based on data on separate nationally representative samples of TAA trainees. Data on UI exhaustees from manufacturing industries who did not receive TRA are used for comparison purposes. The data used in this evaluation come primarily from telephone interviews with the samples of recipients. Some program administrative data were also collected.

The Findings

The Characteristics of TRA Recipients

- The workers served by the TAA program (that is, TRA recipients) clearly exhibit the characteristics associated with displaced workers. In most cases, they were permanently separated from their pre-layoff employers, and in the majority of cases (70 percent) the layoffs were due to plant closings. This finding contrasts with the situation in the 1970s, when the majority of workers served by the TAA program were job attached.

- More than 85 percent of TRA recipients come from the manufacturing sector, with major concentrations in the textile and apparel, rubber and leather, primary and fabricated metals, machinery, and transportation equipment industries. In contrast, most workers in the general population of displaced workers identified by the Bureau of Labor Statistics had not previously been employed in manufacturing.

- The average pre-layoff wages of TRA recipients were higher than those of the general population of displaced workers and the population of displaced workers served under Title III of JTPA. The average pre-layoff wages of TRA recipients were also higher than those of UI exhaustees from the same manufacturing industries. This difference may be due to the fact that the job tenures of TRA recipients were considerably longer and their rates of unionization higher than those of UI exhaustees and, indeed, the general population of displaced workers. TRA recipients also received more fringe benefits than did UI exhaustees.

Participation in Reemployment Services

- Both prior to and after the 1988 amendments, a substantial proportion of TRA recipients received reemployment services from the TAA program: prior to the 1988 amendments, 37 percent participated in TAA training; this proportion rose significantly (to 47 percent) after the 1988 amendments. In addition, most TRA recipients received other reemployment services from the ES, and their rates of receipt were higher than those of UI exhaustees for most services. However, very few TRA recipients received job-search payments for out-of-area job searches or moving expenses to take an out-of-area job, primarily because most recipients were not interested in moving.

- TRA recipients who received TAA training differed from nontrainees. On average, TAA trainees were younger and better educated than nontrainees. Among pre-88 recipients, the pre-layoff wages of trainees were higher than those of nontrainees, but, controlling for other factors, the reverse was true among post-88 recipients.

- The training provided to TAA participants generally sought to develop specific job-related skills in new occupations. Much of the training was long-term (longer than a year), and much of it was provided at vocational training centers or at local community colleges. About half of the pre-88 trainees entered training prior to receiving TRA benefits; this percentage rose to about 60 percent among trainees after the 1988 amendments. Seventy-two (72) percent of pre-88 trainees and 67 percent of post-88 trainees completed training. The majority of trainees felt that their training both helped them find a job and gave them useful experience for the job when they became reemployed.

The Post-Layoff Employment, Earnings, and Job Characteristics of TRA Recipients

- Our findings are consistent with the presumption that the TAA program serves unemployed workers who are likely to have difficulty in finding reemployment. The post-layoff jobless spells of TRA recipients were relatively long, and TRA recipients clearly experienced longer jobless spells on average than did other UI exhaustees from the same industries. Jobless spells were about 23 percent longer among TRA recipients than among UI exhaustees prior to the 1988 legislative changes, and about 14 percent longer after the legislative changes. This difference in the length of initial jobless spells between pre-88 and post-88 TRA recipients was mirrored in the TRA benefit rates; the average pre-88 TRA recipient received 18.4 weeks of basic TRA payments, and the average post-88 TRA recipient received 15.3 weeks.

- Our findings based on quarterly employment and earnings measures are consistent with the findings on jobless spells. TRA recipients were employed less and earned less than UI exhaustees throughout most of the three years after their initial UI claim, and the difference was larger before than after the 1988 legislative changes. Both before and after the 1988 legislative changes, TRA recipients experienced significant earnings losses due to their layoff.

- Even the TRA recipients who held a job three years after their initial UI claim experienced significant wage and benefit losses. More than three quarters of the reemployed TRA recipients earned less in their new job three years after their initial UI claim than they did in their pre-layoff job. Wage losses were significantly higher among TRA recipients than among UI exhaustees, although much of the difference can be explained by the fact that the pre-layoff wages of TRA recipients were higher than those of UI exhaustees. The average levels of post-layoff wages among the reemployed TRA recipients and UI exhaustees were similar. Many of the reemployed TRA recipients also did not receive the same amount or types of fringe benefits on their new job that they received on their old job. This rate of benefit loss was significantly higher among TRA recipients than among UI exhaustees, although TRA recipients still received as many or more fringe benefits on average on their new job than did the UI exhaustees. The majority of TRA recipients became reemployed in a different industry or different occupation, and the industry- and occupation-switchers experienced greater wage losses than those who did not switch.

Post-Layoff Employment, Earnings, and Job Characteristics Among TAA Trainees

- As expected, employment rates and average earnings levels of TAA trainees were lower than those of other TRA recipients throughout most of the first 12 quarters after their initial UI claim. The differences partly reflect the investment decision made by trainees--to forego employment and earnings in the short run in order to train for a new job that they hope will enhance their earnings potential in the future. In addition, many trainees chose to enter training only after they were jobless for a substantial period of time. Both factors caused the lower employment and earnings levels among trainees throughout the post-layoff period.

- If training had a positive effect on employment and earnings, we would expect that the employment and earnings of trainees would eventually be higher than those of nontrainees, other things being equal. When we examined employment and earnings at the end of 12 quarters, we found that trainees tended to be employed more and to earn more than other TRA recipients in quarter 12. But these differences are attributable largely to differences in the observable characteristics of the two groups. After we controlled for these characteristics, the outcomes of trainees and other TRA recipients were similar. Alternative estimates derived for trainees who had exited training within two years after their initial UI claim provide some indication that, at least for the post-88 sample, TAA training had a positive effect on those trainees. However, without a longer observation period, we were unable to isolate the impact of training on the remaining trainees. Nevertheless, our findings imply that, if training has a substantial positive effect on employment or earnings among all trainees, it is realized not earlier than three years after the initial UI claim.

- Among the TRA recipients who found a job, those who had participated in TAA training received slightly lower wages on average than those who had not participated in training, but the differences are generally not significant. TAA trainees also lost more fringe benefits than did these other TRA recipients. However, this result is not surprising: TAA trainees were more likely to have switched industry or occupation on their new job, and industry- and occupation-switchers suffered greater wage and benefit losses than did stayers. Training thus appears to be part of a transition process, in which workers move from their old industry or occupation to a new industry or occupation. Among those respondents who switched industry or occupation on their new job, our estimates show that the average wages of trainees were slightly higher than those of nontrainees, other things being equal. Although these estimates are not statistically significant, they provide some indication that TAA training may have had a positive effect on the wage rates of TRA recipients who switched to a new industry or occupation.

The Costs of Worker Dislocation and TAA Expenditures

- The costs of displacement among TRA recipients, as measured by earnings losses, equal approximately $46,000 during the first three years after the initial UI claim. Quarterly earnings losses tended to fall towards zero over time, but the losses were still large even three years after the initial claim. In quarter 12, the earnings losses averaged nearly $3,000 dollars.

- Because TRA recipients must exhaust UI benefits before they can collect TRA benefits, these earnings losses are higher than those found for more general populations of displaced workers, some of whom will become reemployed prior to exhaustion. But TRA recipients had even higher average losses than UI exhaustees--about $10,000 higher than during the three years after the initial claim. The differences were highest near the end of the first year after the initial UI claim, after which they declined gradually.

- TRA recipients receive assistance from the federal government in the form of UI benefits, TRA payments, TAA job-search allowances, TAA relocation allowances, and TAA training. The total value of these benefits was about $10,603 per TRA recipient in our post-88 sample, which falls far short of the average earnings losses, or total costs of displacement, among TRA recipients. However, the TAA program provided more than half the assistance received by TRA recipients, demonstrating the importance of TAA benefits for those who qualify.

Policy Implications

During the 1980s, the TAA program evolved from a program that emphasized compensating trade-impacted workers for lost income to a program that emphasized providing adjustment services, particularly training. This evolution of the program encompassed three major changes in the structure of the program that have been examined in this evaluation.

The first major change in the TAA program in the 1980s was the change in the TRA benefit structure, instituted in 1981. The change reduced the TRA weekly benefit amount to the level of the worker's regular weekly unemployment insurance (UI) benefit and specified that a worker could receive TRA payments only after he or she exhausted the UI entitlement. Thus, after this change, only the long-term unemployed were eligible for financial benefits from the TAA program.

Our findings imply that this policy change had its intended effect--to improve the targeting of the TAA program. Unlike the 1970s, the TAA program in the 1980s began to serve workers who were displaced *permanently* from their jobs. In addition, our findings show that TRA recipients have greater difficulty in become reemployed than do similar UI exhaustees. Part of the reason that targeting has become more effective is that employment in the industries served by TAA declined in the 1980s relative to the 1970s. But we believe that the change in the TAA program structure also contributed to this outcome. In particular, laid-off workers who are job attached and are likely to be recalled to their former job before they exhaust UI were made ineligible for TRA payments.

The second major change in the 1980s encompassed both changes in the TAA program and the enactment of two additional pieces of legislation. Specifically, the 1988 amendments to the TAA program required that states use several mechanisms for providing information on the program to potentially eligible individuals. In particular, as part of the amendments, states were required to coordinate the TAA service delivery system with the delivery system of the new displaced worker program--EDWAA--established under Title III of JTPA; in turn, the EDWAA legislation required that states establish a rapid-response capability to react to mass layoffs and plant closings. Finally, the Worker Adjustment and Retraining Notification Act (WARN), also passed in 1988, required that employers of 100 or more workers give the affected workers and the appropriate state displaced worker unit at least 60 days' advance notice of a plant closing or layoff.

The purpose of these changes was to ensure that displaced workers were informed about available services as early in their jobless spell as possible to hasten their adjustment process. These initiatives (combined with a third major program change that made training an entitlement) were successful at enhancing TAA service provision: post-88 TRA recipients were offered services and began training earlier in their jobless spells than did pre-88 TRA recipients.

The third major change in the TAA program, in 1988, made training an entitlement; yet it also required that TRA recipients participate in an approved training program unless they received a waiver exempting them under certain circumstances. A training requirement might affect TRA recipients in at least two ways. First, it might increase the training participation rate among TRA recipients. Our findings show that, while participation in training prior to the training requirement had expanded considerably relative to the 1970s, the requirement increased training participation even further, to approximately half of all TRA recipients. A training requirement might also affect TRA recipients by targeting TRA payments at those who need training and by discouraging long spells of TRA receipt among recipients who have no need or desire to participate in training. Our findings are consistent with this story. They suggest that the training requirement reduced weeks of TRA receipt among the average recipient, despite the fact that the average duration of training increased. In addition, the training requirement led to a decline in the duration of the initial jobless spell and to an increase in earnings due to more rapid reemployment.

Whether training should be required of TRA recipients should depend on how successful it is at increasing employment and earnings. Our findings do not indicate that making training mandatory had a significant impact on the estimated employment and earnings differences of TAA trainees and other TRA recipients. However, we also did not find strong evidence that training had a substantial positive effect on employment and earnings, at least in the first three years after the initial UI claim. Given this uncertainty about the returns to training, we believe that training participation should be voluntary rather than mandatory for TRA recipients. Even if training were made voluntary, a relatively large proportion of TRA recipients would still probably participate in training; for example, more than a third of the members of our pre-88 sample of TRA recipients, for whom training was voluntary, participated in training. At the same time, the training requirement could be replaced with a requirement to participate in a job-search program. This strategy was attempted in the TAA program between 1986 and 1988, but the job-search services were never fully implemented due to the absence of adequate funding. Recent research suggests that combination of a job-search requirement and job-search assistance can reduce the receipt of unemployment benefits among recipients.

An alternative approach would be to offer TRA payments only to those individuals who actively participate in training. Targeting TRA payments only at trainees would help ensure that resources go to individuals who are actively engaged in adjusting to a new industry or occupation. But the approach would deny TRA payments to many displaced workers who cannot or choose not to participate in training. Based on our findings, these nontrainees will experience severe earnings losses after their layoff. Denying them additional unemployment compensation might be socially undesirable.

THE NEW JERSEY UNEMPLOYMENT INSURANCE REEMPLOYMENT DEMONSTRATION

The purpose of the New Jersey Unemployment Insurance Reemployment Demonstration Project (NJUIRDP) was to examine whether the Unemployment Insurance system could be used to identify displaced workers early in their unemployment spells and to provide them with alternative, early intervention services to accelerate their return to work. Three packages of services, or treatments, were tested in the demonstration: (1) job-search assistance only, (2) job-search assistance combined with training or relocation assistance, and (3) job-search assistance combined with a cash bonus for early reemployment. A key component of the demonstration was that eligible claimants were identified and services were provided through the coordinated efforts of the Unemployment Insurance (UI), Employment Service (ES), and Job Training Partnership Act (JTPA) systems. Another key component was that claimants were required by UI to report for services; failure to report could have led to the denial of benefits.

The demonstration was initiated by the U.S. Department of Labor through a cooperative agreement with the N.J. Department of Labor. It began operations in July 1986, and, by the end of sample selection in June 1987, 8,675 UI claimants were offered one of the three service packages in the ten local offices included in the demonstration. Services to eligible claimants were continued into fall 1987 to ensure that all eligibles were able to receive, if desired, the full set of demonstration services. Another 2,385 claimants, who received existing services, were selected to provide a control group for comparative purposes for the evaluation. Assignment to this control group and to the three treatments was random. During the demonstration period, the New Jersey economy was experiencing worker displacement, generated by a long-term secular decline in manufacturing, while substantial growth was occurring in other sectors. Overall, the state economy was quite strong, and the unemployment rate during the period was low (5 percent).

In general, the evaluation found that the treatments were implemented as designed. That is, eligible claimants were identified, offered services, and provided services early in their unemployment spell. Moreover, each of the treatments did lead to reductions in the lengths of unemployment spells and to concomitant increases in earnings and reductions in UI benefits received. All three treatments offered net benefits to society as a whole and to claimants, when compared to existing services. These findings can be summarized further as follows.

Eligibility Determination

The demonstration used the UI system to apply eligibility screens in an attempt to target demonstration services toward claimants who were likely to be displaced and who were likely to experience difficulty in becoming reemployed. Based on these requirements, about one-quarter of the claimants who received a first payment were eligible for demonstration services. The most important eligibility screen was the tenure requirement, which excluded individuals who had not worked for their pre-UI employer for at least three years. Other important requirements excluded individuals younger than age 25 and individuals with a definite recall date. The net result of applying the eligibility requirements was an eligible population that contained a substantial proportion of individuals whose age, industry of employment, and other characteristics are usually associated with the displaced worker population and with difficulties in becoming reemployed. Moreover, as compared with a sample of individuals who were not eligible for the demonstration, the eligible population experienced, on average, considerably longer periods of UI collection and longer unemployment spells. Thus, the eligibility screens appear to have directed demonstration services toward a population that generally faced reemployment difficulties. However, this was not the case for all demonstration-eligibles. Some were in the prime of their working lives, and some were individuals from industries (e.g., the service industry) that are strong and growing in New Jersey. Moreover, some were recalled by their pre-UI employers. Conversely, some claimants who were screened out appear, ex post, to have been good candidates for these special reemployment services.

Service Receipt

The demonstration achieved its objectives of providing an *increased level of services* to eligible claimants and of providing these *services early in the unemployment spells of claimants*. The three demonstration treatments offered claimants an identical set of initial job-search assistance services--orientation, testing, a job-search workshop, and an individual assessment/counseling interview--beginning in about the fifth week of their claim spells. These services were provided by ES staff in conjunction with JTPA staff. Three-quarters of the claimants in the treatment groups attended the orientation, and three-quarters of this group continued through the assessment/counseling interview. The level at which demonstration-eligible claimants received these services was substantially higher than the level at which individuals in the control group received these services from the existing service network.

Additional services were offered to claimants at the assessment/ counseling interview. These additional services differed by treatment group, but in all treatment groups the claimants were expected to maintain *ongoing, periodic contact* with demonstration ES staff as they searched for work. A set of up to five contact points was established, and ES staff were expected to call-in claimants who did not maintain contact. A large proportion of the individuals who continued to collect UI did maintain contact with the demonstration. While the rate of contact declined somewhat at the later contact points, the degree of contact was high relative to ongoing employment and training programs, which typically do not have systematic follow-up procedures. A resource center was also established in each office to provide job search materials (such as lists of job openings) and equipment (such as telephones) to assist claimants in their job search. These resource centers were not used uniformly among sites; they appeared to be used when staff promoted their use but not otherwise. Individuals in the first treatment group received these "additional" services only.

Individuals in the second treatment group were offered *classroom training, on-the-job training, or relocation assistance* by JTPA staff. About 15 percent of the claimants who were offered training participated in training, most of which was classroom training. While this rate of training receipt was low in absolute terms, it was higher than the rates observed for comparable groups of claimants whose exposure to training opportunities comes through the regular JTPA service environment in New Jersey. Over 60 percent of the training was provided in (1) business and office or (2) computer and information services, both of which represent areas in which employment prospects are strong in New Jersey. Several sites were considerably more successful than the others in placing individuals in training. Their success stemmed from a number of factors, including an early and enthusiastic presentation of the training option and an ability to offer a wide range of individual training slots. Finally, few individuals used the relocation assistance, as has been the experience in other demonstrations.

Individuals in the third treatment group were offered a *reemployment bonus*, which was larger the more quickly reemployment occurred. About 19 percent of the claimants who were offered the bonus received it. It appears that most claimants who were eligible for the bonus did in fact apply for the bonus.

The process of *monitoring and enforcing* claimants' compliance with the demonstration reporting requirements was accomplished through a reporting mechanism that was included as part of the tracking system developed for the project. This system provided a weekly report from ES to UI which identified the claimants who had not reported as scheduled for the initial sequence of services. The UI files of these claimants were marked, the reasons for noncompliance were examined when they claimed additional UI benefits, and they were referred back to demonstration services. While this process was complex and required close cooperation between UI and ES staff to work successfully, it played an important role in identifying claimants who had not complied with demonstration requirements. Some claimants who did not report for services did continue to collect UI benefits, but most of these individuals either had an eligibility determination or had some reason why a determination was not necessary.

Impacts on UI Receipt and Employment and Earnings

In general, the demonstration treatments were expected to hasten reemployment, thereby reducing the amount of UI collected. The potential exception was the JSA plus training/relocation treatment, for which short-run impacts on UI were expected to be lower than for the other treatments because individuals in training would be eligible to continue to collect benefits. Estimates of the *impacts of the treatments on UI receipt* show that all three treatments reduced the amount of benefits collected over the benefit year, by $87 per claimant for the first treatment, $81 for the second, and $170 for the third. These findings suggest that all the treatments were successful at reducing the time spent on UI, and that the bonus offer provided an extra incentive to become reemployed. Data on the timing of these impacts indicate that the rate at which individuals exited from the unemployment system increased primarily during the early part of their claim spells. This was during the period in which intensive job-search assistance was provided.

Evidence on the *impacts of the treatments on employment and earnings* indicates that all three treatments also increased employment and earnings in the year following the initial UI claim. These increases were larger in the first two quarters after the claim filing date than in the following two quarters, and larger for the JSA-only and JSA plus reemployment bonus treatments relative to the JSA plus training treatment. The training offer did not appear to have been a factor that contributed to the short-run increases in employment and earnings while the reemployment bonus offer appeared to have had a small effect. Overall, these short-run increases appear to have arisen primarily because the treatments promoted early reemployment through job-search assistance. This early reemployment did not entail any sacrifice in wages. In fact, the treatments appear to have led to modest increases in hourly wage rates on post-UI jobs.

A follow-up study that extended the observation period to three years found that the JSA plus training or relocation treatment had no additional impact on earnings as compared to the JSA-only treatment. However, since only a relatively small number of claimants participated in training, the impacts of training would need to be quite large to be detected. Thus, we directly examined the earnings experiences of trainees to determine whether their pattern of earnings suggested that training may have had an impact not detected in the formal analysis. This analysis suggested that both classroom (occupational skills) and on-the-job training did enhance the earnings of trainees.

Benefit-Cost Analysis

The benefit-cost analysis indicates that all three of the treatments offered net benefits to society as a whole and to claimants, when compared with existing services. The JSA-only and JSA plus reemployment bonus treatments also led to net gains to the government sector as a whole, although none of the treatments led to net benefits to the Labor Department agencies which actually offered the services. That is, the observed reductions in UI benefits paid to claimants did not by themselves outweigh the net cost of providing additional services. Overall, net benefits were similar for the JSA-only and JSA plus reemployment bonus treatments, while the JSA plus training/relocation treatment was more expensive than the other treatments from all perspectives.

Concluding Observations

Three additional evaluation findings should be noted. First, an important element of the treatments appears to have been the UI system requirement that claimants report for the initial job-search assistance services. Evidence from the evaluation suggests that the process of identifying and following-up with individuals who did not report and who continued to claim benefits was fairly successful. These reporting requirements and the compliance process were undoubtedly important factors that contributed to the impacts of the treatments on UI receipt and earnings.

Second, service delivery in the demonstration relied on the strengthening of linkages among the UI, ES, and JTPA systems, and these linkages appear to have occurred both centrally and, in most cases, at the local office level. This success required a high degree of central office supervision, which, we believe, would continue to be necessary in a future program.

Third, an examination of the impacts of the treatments by population subgroup suggests that the treatments were most successful at promoting the reemployment of individuals who had marketable skills, such as clerical and other white collar workers. The treatments were less successful for individuals who faced hard-core, structural unemployment problems, such as blue-collar workers, workers from durable-goods manufacturing industries, and permanently separated workers. That is, the displaced workers with more severe reemployment problems may have been less affected by the demonstration treatments than were other workers who faced relatively more favorable reemployment prospects. This finding suggests that the treatments, particularly the initial mandatory job-search assistance services, are appropriate and cost-effective for a broad-range of UI claimants who meet reasonable operational definitions of displacement, but that longer-run, more intensive services may be needed for displaced individuals who face major structural dislocations.

Response to Written Questions on Testimony for
The Subcommittee on Labor-Management Relations
Committee on Education and Labor
U.S. House of Representatives
April 20, 1993

Walter Corson
Mathematica Policy Research

1. **What is the average pre-layoff wage of those entering TAA versus the post-TAA placement wage?** Average weekly pre-layoff wages were $448 and $458 for pre-88 and post-88 TRA recipients, respectively. Among individuals who were employed three years after the initial UI claim, the median ratio of post-layoff to pre-layoff weekly wages was .78 and .76 for the two samples. Thus post-layoff weekly wages were, at the median, $349 and $348 for pre-88 and post-88 TRA recipients, respectively.

2. **What percent of the outlays for TAA are used for training and what percent for income support?** These percentages have varied over the life of the TAA program. Among TRA recipients in our post-88 sample, approximately 40 percent of expenditures were for training and other services and 60 percent for TRA benefits.

3. **Could you explain the impact of the training requirement for TRA in more detail?** The 1988 amendments to the TAA program made training an entitlement and required training to receive TRA benefits. Waivers of this training requirement were permitted under certain circumstances. Our analysis suggested that this requirement led to an increase in the training participation rate and to a decrease in the number of weeks of TRA receipt by the average TRA recipient, despite the fact that the average duration of training increased. The training requirement also led to a decline in the duration of the initial jobless spell and to an increase in earnings due to more rapid reemployment. Thus the requirement appears to have led individuals who did not want training to leave the TRA program and to accept a job.

4. **Could you explain why training had minimal impact on employment and earnings in the first three years after the UI claim?** One reason that training appears to have had a minimal impact on employment and earnings in the first three years after the UI claim is that three years is a relatively short-time period within which to observe impacts. There is often a considerable lag between layoff and training entry and long-run training itself takes time. Another reason is that most trainees entered new industries and occupations following their training. Their wages in these new occupations are entry level wages and it will take time before wage increases are realized.

5. **What are your recommendations from your review of the use of UI screening?** Most dislocated workers who do not find jobs within a few weeks of layoff collect UI benefits. Thus the UI system can, in principle, be used to identify and offer services to dislocated workers. Moreover, our experience in the New Jersey UI Reemployment Demonstration suggests that screens based primarily on recall expectations can be used early in the claims spell to direct services to such workers.

6. **Do we know how training should be designed to maximize the post-employment wage levels of participants? Do we need more research? If so, what type of research efforts do you suggest?** We have little evidence to suggest that training, in general, is effective in increasing the post-layoff wages of dislocated workers; thus we have little evidence about what types of training are effective. This situation has occurred, in part, because we have limited follow-up periods with which to observe the impacts of training. We should extend the follow-up periods used in studies, where possible.

7. **Should OJT be used as part of the retraining menu?** Experience in the New Jersey Reemployment Demonstration project suggests that OJT will be used by few dislocated workers, but that it can be useful for individuals that use it. I would make it part of the retraining menu.

8. **Should each participant be assessed?** Retraining is a time consuming and costly process and individuals considering retraining should consider this decision very carefully. Assessment combined with counseling should be part of this process.

Chairman WILLIAMS. Thanks to each of you.

Mr. Smith, I wonder if your research with regard to numbers of dislocated workers in the 1980s and the characteristics of those workers have armed you to make a guess about those two matters in the 1990s? Do you have any estimate of the number of dislocated workers we may see in the 1990s, and do you think the characteristics of those dislocated workers would require a need for more, or less, or different kinds of training than their cohorts in the 1980s?

Mr. SMITH. Okay. Let's see. At Congressional Budget Office, of course, we never guess.

Chairman WILLIAMS. Here that's all we do.

Mr. SMITH. A couple of points. I certainly expect that the number of displaced workers over the next few years will be higher than we saw in the late 1980s. In that figure in my statement, the most recent year that we had was 1990. At that point, 2.2 million people had been displaced.

Today, the unemployment rate stands at around 7 percent, and CBO is forecasting that the unemployment rate won't even get down to 6 percent until 1996. So, with that macroeconomic environment it certainly seems likely that displacement levels will remain above those that we saw in the late 1980s.

Adding to that, of course, is the defense cuts. We've already had, perhaps, about a million people—a million jobs in the defense sector that have gone away as a result of the reduced spendings since 1987. And while it's very difficult to predict how many more jobs will go, certainly at least another million appears in the works. So that will add further difficulty.

On characteristics, I guess one bright spot is that the educational attainment of displaced workers has been rising throughout the 1980s. And if that continues, that may help a bit, for the reasons that Carolyn Golding and I mentioned earlier, that if you're a high school dropout and lose your job, you're in for a very, very bad time.

Chairman WILLIAMS. Thank you.

Dr. Dickinson, on page 26 and 27 of your testimony you recommend revising the legislation, "To recognize a strong substate role in rapid response." Given that only 5 percent of EDWAA funds are spent on rapid response, do you recommend a shifting of responsibility to the SDA level?

Ms. DICKINSON. Well, I think the key is to have some expertise and experience in conducting rapid response, rather than necessarily designating which agency should be conducting rapid response. And as it unfolded, a number of substate areas, in fact, do take full responsibility for it, but they do need to subcontract with the States. It's a fairly awkward situation, there may not be funds there to meet all of their needs.

I think that a number of substate areas that have experienced substantial dislocations are well qualified at this point to conduct rapid response. Those substate areas that have never done it before would probably need some help from their State.

Chairman WILLIAMS. Thank you.

Dr. Corson, see if you're willing to make a recommendation to us. From your studies and the other work that you've done, would you recommend how training should be designed to maximize the post-employment wage levels for participants, or do we need more research to determine that? And I don't ask that facetiously, maybe we do need more research, in fact.

Mr. CORSON. Well, I think that the thrust of what we've found so far, at least, is that if training pays off it's got to be a very long-run process. And I think that to effectively train workers in new occupations takes time and money. And much of the training that we seem to do we attempt to do it in a short-term training, send them to a course for 6 months or less and hope that that will put an individual into a new occupation. And I think for many individuals that's not enough, and I would push for longer-term training.

Chairman WILLIAMS. Thank you. My time has expired. Ms. Woolsey.

Ms. WOOLSEY. Well, this entire report supports the argument we on the Education and Labor Committee have been making. That is that long-term, ongoing education for all employers and their employees, no matter what the situation, is essential because there will be change.

I'm a little disheartened by the outcomes of the programs and the salaries going down for the dislocated employees. I'm wondering if you've been tracking benefits as well. I'm going to assume that these same employees are probably losing benefits also when they go back to work. Or are their benefits coming back to par?

Mr. SMITH. In the data that we had, the only benefit information that we had was a bit about health insurance. And certainly there were a number of workers who had been receiving health insurance through their employer who did not get health insurance in their next jobs. I should also point out that there is also some evidence that workers who had not had health insurance in their old jobs, there are some that did pick up health insurance in their new jobs.

Ms. WOOLSEY. Well, that's a plus. By profession I am a human resources manager, and I am the owner of an employment agency in Sonoma County. I was invited quite often to speak to workers through the unemployment insurance offices in our district. And I want to note that these dislocated workers reflected a cross section of the best people in our district. I was not talking to down-and-outers, I was speaking to executives, engineers, technicians, and blue collar workers.

I do think that is a positive way to reach the dislocated workers, through the unemployment insurance. Are you recommending expanding that outreach?

Mr. CORSON. Yes. I think that the unemployment insurance program provides a way of reaching a broad cross section of dislocated workers. We all hear in the newspaper when a large plant closes, but we don't hear about the auto body shop or smaller business that closes. And most of those people do come into the unemployment insurance system because most such workers are eligible.

So, it's a point where you can identify those workers and direct them into services.

Ms. WOOLSEY. And we're going to continue to focus on those services, use them as models, build on them. If it's working, let's do more of it. Right?

Mr. **Corson**. Well, the new legislation that was enacted as part of the recent extension of unemployment insurance is trying to do just that.

Ms. **Woolsey**. Okay. Well, we should support that. Now, my one and final question to any of you who would like to answer is, do you believe there are adequate support services for single mothers, so that they can take advantage of these job training programs?

Ms. **Dickinson**. I am glad to have an opportunity. In our survey we asked how many substate areas made supportive services available. And I looked at those results while you were speaking this morning and it seems that 65 percent of the substate areas do make childcare assistance available for those who are in classroom training.

But supportive services are the first to go when funds get tight. And the tuition is the tuition, and the supportive services people feel like people can make do on their own. So, I think adequate funding is really a key to getting supportive service, and particularly, needs related payments.

Ms. **Woolsey**. Okay. Thank you.

Mr. **Miller** of California. [presiding] Mr. Martinez.

Mr. **Martinez**. Thank you, Mr. Chairman. I have to leave very quickly, I've got an emergency situation that has come up in my office. But before I leave I want to ask one of you, I can't remember which one of you in your testimony talked about the most likely to be unable to find employment afterwards, and talked about the most uneducated and the older, and et cetera.

In any of the studies that were done was any attention given to how great an impact there is on minorities?

Mr. **Smith**. In our study we did have data on how nonwhites did relative to whites. And nonwhite, as you would expect, did worse in terms of taking longer to find another job and in the percent that had found another job by the time they were surveyed.

In terms of, as I recall, for those that did find new jobs, the percentage that incurred large wage losses was similar between whites and nonwhites.

Mr. **Martinez**. The reason I ask the question is, without ever doing a study or getting any statistics, I could almost tell you from my particular area—they might differ from area to area—that the people that were all laid off at Bethlehem Steel were all Hispanic, and a small percentage of black. The people got laid off at Oscar Meyer were about equivalent black and Hispanic.

But all minorities. There were very few—the percentage of whites at either one of those two facilities, Huffy Bike and Isuzu, when it closed up, was predominantly Hispanic, with a smaller percentage of black. But over and over again, in almost every—and maybe because my area is heavily Hispanic, and I would surmise that through the southwest that same situation occurs—the same percentages. And if you did just a study of those areas it would seem dramatically unequal and unfair.

And a lot of that stems back from the fact that so many of these Spanish and blacks prior to the Korean War did not have the access to education or the encouragement, and so therefore were a lot further behind than anybody else. And now it's just compounded with the recession and the number of plants that are closing and the great layoff. I just want to make that a point.

Thank you, Mr. Chairman.

Mr. MILLER of California. Dr. Smith, in your statement on page 15, you talked about what is working between EDWAA and TAA. There seems to be some debate which approach makes the most sense.

I'm not sure I see a great distinction between the two programs in terms of income support. What is it I'm missing?

Mr. SMITH. I think the major difference is that although in EDWAA programs are permitted to have some kind of an income maintenance effort, needs based payment. And what actually occurs, very few places are providing needs based payments. So, most of the money is going into training and related activities.

In Trade Adjustment assistance, two-thirds of the money is going into the cash benefits, not into the training.

Mr. MILLER of California. What about the Clean Air Act? Do we have enough——

Mr. SMITH. Hardly any money has been spent in Clean Air.

Mr. MILLER of California. So there is not enough experience. At what point do we see the dislocated worker who is so seriously detrimentally impacted by the loss of income, the loss of a home, end up in a downward spiral? Do studies address that issue? At what point do we find a person much more severely impaired in terms of being able to take the benefits of training and these related services?

Mr. SMITH. May I just say, you have to believe that people who are unemployed for long enough such that they run out of unemployment benefits, and then the job they do find pays less than 80 percent of what they used to make, that this is having a substantial effect on them and their families.

Mr. MILLER of California. We only know the outcomes between whether you are able to "get" a person prior to actual job loss, or 15 weeks later, or 30 weeks later. Your studies speak to what happens to those individuals. But what are we to assume about why those changes are taking place? Do you think it is because of these other occurrences that are going on in their life?

Mr. SMITH. I don't know. I wish I did, but I just don't know.

Mr. MILLER of California. Anybody else?

Ms. DICKINSON. I don't have any specific information about what is the key time before these things start happening, but these problems that you suggest really strongly argue for the need for early basic readjustment services: Financial counseling to deal with your mortgage and your finances, stress counseling so that personal problems are reduced, anger and depression, as well as marital problems.

All of these problems are very important for a dislocated worker, and it's not just the loss of their job that is the problem.

Mr. MILLER of California. Where are we in the acceptance as a matter of public policy that those are justified related services for the dislocated worker?

Ms. DICKINSON. You know, I would think we saw in about a third of them we're addressing those issues either in group workshops where they bring in mental health professionals and financial

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counselors, or in one-to-one counseling with dislocated workers. I think the rest view basic readjustment services as job search, and I think that's too narrow.

Mr. **Miller** of California. What would your studies tell us in terms of the overall importance of wage replacement in this entire system, whether you go from unemployment insurance to trade assistance, or under the Clean Air Act? How important is that as a component in terms of the ability of workers to take advantage of the services?

Mr. **Corson**. I think it's quite important. You can't expect an individual to enter training and not have any income support, so I think you need to make that available.

Mr. **Miller** of California. What is the case for the vast majority of dislocated workers? No income support beyond unemployment?

Mr. **Corson**. Well, I think the majority are going to find jobs, some large portion are going to find jobs within the 26 weeks. But for those that do enter training and need to change occupations, I think you need to support them beyond that point.

Mr. **Miller** of California. Your recommendation would be that that has got to become a component?

Mr. **Corson**. Yes.

Mr. **Miller** of California. Where are we in terms of the raging debate some years ago as to whether or not this encourages malingerers? Is that debate still raging?

Mr. **Corson**. Certainly. Yes.

Mr. **Miller** of California. It is? What did you find out, collectively?

Mr. **Corson**. Well, I think that providing—the TAA program prior to 1988 provided extended benefits, that you could get another 26 weeks. And after 1988 you could only get those additional benefits——

Mr. **Miller** of California. You link those up with training, right?

Mr. **Corson**. They're linked with training. Although, not everyone entered training. You could get a waiver. And you did find a reduction in the duration of unemployment for workers after 1988. It was not mired in our comparison sample of UI exhaustees.

So, I think the training requirement did have this effect of basically getting people off their roles. But where did they go? They took a job, but it was at a substantial cut in pay. So I think the reason people were collecting benefits longer prior to 1988 was that they continued to look for a job that could replace their old one, and as long as unemployment insurance lasted, they would try to do that.

So, maybe you call those malingerers, I don't know. I don't think I would. I think that an individual will try to find a job that is similar to the one they had and they'll keep looking as long as they can, and when they're forced to take a pay cut, they will, eventually.

Mr. **Miller** of California. A constant theme is the question of what portion of predislocation wages was replaced in this process. How do we use that as a measurement, and is that properly a measurement in an evolving job arena that we see in this country? More and more jobs are unorganized, they're not in manufacturing, they're being impacted by other things that make workers more productive in one fashion or another. Is that an indictment of training in this country: that we don't get to a higher percentage of wage replacement?

Mr. SMITH. I don't think that that is an indictment of the training programs. I mean, I think that, realistically, a lot of the people who have been displaced are not going to get jobs that paid as well as the jobs that they lost and had the kinds of benefits that they had, and so forth.

The issue for the training programs is——

Mr. MILLER of California. But if you just match the numbers, it's not going to work?

Mr. SMITH. It would be unlikely, yes.

Mr. MILLER of California. That may be a decision about our economic system, but is that a burden that should be put on the back of measuring job training programs?

Mr. SMITH. I think the burden that should be put on the back of the job training programs is that they should be able to increase the earnings of the people that go into the programs by more than they would have gotten had they just stayed out of the program and kept on looking on their own.

Mr. MILLER of California. I'll grant you that.

Mr. SMITH. And you know, the finding that Carolyn Golding noted about the wage rates immediately after terminating from the program and a few months later, I mean, it is unfortunate. It's sad that so many of the participants were getting jobs that paid less than the jobs they lost.

The program may, in fact, oddly enough, may be quite successful in a sense that it increased their—that had it not been for the program they would have done even worse. We don't know. The program just has not been evaluated.

Mr. MILLER of California. Mr. Payne.

Mr. PAYNE. Thank you. The recent defense conversion program that President Clinton announced in the northeast on Monday a week ago, will your program know these, the two Federal statutes that authorize training specifically for dislocated workers, one, the JTPA, and the Trade Act of 1962? Will you work your way into this new conversion of military people getting together with private industry? And there are, of course, a number of titles and each title which deals with a specific part of that. I think it's $1.7 billion to start. How do you impact with that, or interact, or do you?

Mr. SMITH. I'm afraid I don't, myself. We do have at the Congressional Budget Office a national security division that has been examining defense conversion and has been examining the various options for helping the workers and the industries, companies effected by the defense cutbacks.

Mr. PAYNE. So that's a whole different area. With those programs I see that there will be a lot of emphasis put on retraining and using scientists in the private sector and trying to find retraining for these people. Perhaps in that arena I need to ask some questions as related to these two specific purposes of the Dislocated Worker Act.

A lot of the defense build up in the late 1970s and early 1980s sort of doubled the defense spending, I understand, over a 10- or 12-

year period. In that arena I need to ask what happened to the moneys taken out of other areas that went into defense spending, or the impact of this increased budgetary item on the scarcity of funds for other things, in cities, for example.

And at some point I'd like to see some correlation between the impact of this shift to this quantum leap in defense spending and the impact that it had on cities like Newark, where I represent. Not dealing necessarily with the people who are dislocated because of the new reduction in defense spending, but what impact did that defense buildup have negatively on the places like the Newarks and the Center Cities of Los Angeles where dollars became scarce? Whether it was for housing, or whether it was for health care, or whether it was for any kinds of programs, because that is an untold or untapped area that we don't find much interest in because that defense buildup definitely had a direct impact on the—we got into "trickle down" and "truly needy" and those kinds of terms.

It had a very devastating impact, but they're going to be left behind when we get into retraining or those impacted by foreign products, as your main thing or the JTPA program. But I guess that's something that I need to raise, even if it's just philosophical, with the defense conversion program.

I don't have any other questions or statements.

Mr. MILLER of California. When we look at the range of services, the most successful, in terms of cost benefits, seem to be helping people with job search skills.

Mr. SMITH. Yes.

Mr. MILLER of California. The assumption is that you have a person that has the wherewithal to take those job search skills, take their current skills and then plug them into another job opportunity.

Mr. SMITH. My reading of the study, certainly——

Mr. MILLER of California. In the social welfare field we call that "creaming." You have the easiest person to plug back into the economy. You talk to them, they're able to absorb it, and they're able to take their skills and put them into some other program. Is that what is going on in job search?

Mr. SMITH. I'm not sure, actually.

Mr. CORSON. Yes, I think so.

Mr. SMITH. The reason I'm not sure is that on a completely different area, in the work-related programs for welfare recipients where they've done a lot of job search assistance, and they've done that where the evaluations have been experimental design so that they can really see what the effect is, separate from creaming, that even in those programs that job search assistance seems to do some good. It doesn't do miracles, but then, it's a very cheap program, too. And so, I guess what I'm saying is that I'm——

Mr. MILLER of California. I'm not belittling it. There is no question that in almost any service there are some people who, if you give them a road map, can figure it out. Referral services in child care are very effective, too. Some people just don't on their own quite get how to look for child care. Once you tell them they're off and running, they find child care.

I'm not putting that down. We've had some serious decisions to make in this Congress regarding to serious economic dislocation because of defense spending, such as the outcome of the Forest Conference, in terms of what is going to happen to workers in the northwest. The components start to become very important. My concern is twofold: what is the menu that ought to be available to workers? You suggest, Ms. Dickinson, in your study, that there are extensive menus.

Ms. **Dickinson**. Exactly.

Mr. **Miller** of California. These are individuals who come with a different set of circumstances to these services. And the other one, it seems to me, is that we can no longer talk about dislocated workers without some kind of income support system for the duration. Your studies also seem to indicate that the tightening of this linkage between participation in these services and income support has been beneficial. Is that fair to say?

Mr. **Smith**. I think it's very difficult to be in a long-term training program if you don't have some kind of assistance.

Mr. **Miller** of California. Right. Your study seemed to indicate that where we have linked the services and income support, the benefits have justified that linkage. Is that——

Mr. **Smith**. Well, here I certainly will defer to Walter Corson, because my reading of his results is that in the one program that has really done this that the program isn't working.

Mr. **Miller** of California. Isn't working?

Mr. **Corson**. In the TAA program, yes. I think that the, at least the thrust of my thinking and reasons for pushing the job search assistance is to deal with those people who can find jobs, get them employed, and then concentrate the resources on the remainder, the training resources and the income support payments. And well, we don't have the evidence we have as to where that training is effective is weak.

Mr. **Miller** of California. The point being raised, and it's raised in your testimony, is that we have almost polar opposites here. We have one program spending a huge amount of money on training and very little on income, and the other spending a huge amount of money on income and very little on training. The suggestion would be that there is some area in between where you may be able to maximize the benefits.

Mr. **Corson**. The TAA program is spending money on training, as well. In fact, the training in TAA is longer term than much of the EDWAA training. The EDWAA program is spending all its dollars on training, but that is because it's not spending much on income support.

Mr. **Miller** of California. Well, wait. Tell me where I'm missing it here.

Mr. **Corson**. I think the TAA program is doing what you're suggesting, it's doing training and——

Mr. **Miller** of California. It's doing both in the right combination of use of resources?

Mr. **Corson**. Well, no, I don't think it's the right combination, because I think you want to have more dollars spent on some of the assessment, job search kinds of services early in an individual's unemployment spell so you can concentrate the dollars, the expensive services, the training and the income support, on the individuals who otherwise can't find a job.

Mr. **Miller** of California. Let me ask you this, setting aside a minute the mix: You're not suggesting that the mix isn't necessary, both income support and training?

Mr. **Corson**. No. I think they're both necessary.

Mr. **Miller** of California. Are you suggesting that EDWAA is just as effective without income supports? There are some, obviously, such as unemployment insurance and other supports under that system.

Mr. **Corson**. I don't know whether EDWAA is effective. I mean, I don't think we fund——

Mr. **Miller** of California. But you know that TAA isn't.

Mr. **Corson**. Well, yes. And we haven't done the same kind of study with EDWAA as we've done with TAA.

Mr. **Miller** of California. Do you know how challenging it is for a Member of Congress to run this maze?

Well, what should we look forward to regarding these potential populations of major dislocation? Your studies tell us what about the mix that we should be looking for in terms of support systems and the menu of training?

Ms. **Dickinson**. I would like to emphasize the importance of this early assessment in terms of who can find jobs without retraining, and who is structurally unemployed and cannot find adequate wage replacement without retraining. And I think letting dislocated workers decide that on their own gets very confused with their denial that they can find their jobs that we were talking about this morning, that their jobs have really gone away. So that early intervention with early assistance in helping to make that key decision is important.

I think we've seen in the EDWAA program that people who come into the program earlier tend to enroll in longer-term training, are more likely to invest in basic skills training. People who come in after 15 weeks are much more likely to have short-term training, OJT, services that are less intensive and are going to make less a difference. And I think it's because they don't have income support and they have an immediate need for income. After the 15 weeks their horizon is much shorter.

So I think there is some evidence——

Mr. **Miller** of California. It's not that they would be necessarily more difficult to train or not be able to take advantage of the long-term or more intensive training. It's just that simply economic necessity dictates a course plan that gets them back into the job market.

Ms. **Dickinson**. Right. Need for immediate income is a key in some of the service planning in some of the substate areas that we went to.

Mr. **Miller** of California. Are those people more likely to show up? Is there a recidivism, if you will?

Ms. **Dickinson**. Repeat dislocated workers? Unfortunately, it happens.

Mr. **Miller** of California. I'm sure it does. But is there a distinction between those two populations?

Ms. **Dickinson**. I don't have any evidence on that.

Mr. MILLER of California. You don't know that. All right. Thank you. This has been helpful.

Thank you very much for your time and for the information that you've given to the committee. My understanding is this may turn out to be a series of hearings on this subject and so we thank you for the base you've laid down today.

Thank you.

[Whereupon, at 12 p.m., the hearing was adjourned subject to the call of the Chair.]

[Additional material submitted for the record follows:]

MEXICAN AMERICAN LEGAL DEFENSE AND EDUCATIONAL FUND
(MALDEF)

The Mexican American Legal Defense and Educational Fund (MALDEF) is a nonprofit organization which promotes and protects the civil rights of Latinos in the United States through litigation, education, advocacy, and leadership development. MALDEF welcomes this opportunity to share with the Subcommittee its views with respect to the unique character and needs of displaced Latino workers and the quality of existing worker dislocation programs. Although these comments focus upon the two programs available to trade-displaced workers -- the Trade Adjustment Assistance Act (TAA) and the Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) (codified as Title III of the Job Training Partnership Act (JTPA)), programs projected to experience greater service delivery demands if the United States enters into a North American Free Trade Agreement with Canada and Mexico) -- they suggest broad policy concerns applicable to other worker dislocation programs as well.

I. CHARACTERISTICS OF THE LATINO WORK FORCE

According to the latest Census estimates, Latinos now number 22.35 million and account for approximately 9% of the population.[1] As a group, they are significantly younger than the non-Latino population. About 30 percent of all Latinos are under 15 years of age, compared with 22 percent of non-Latinos.[2] The median age of Latinos (26.2 years) is about 8 years lower than the median age of the non-Latino population (33.8 years).[3]

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[1] National Council of La Raza, State of Hispanic America 1991: An Overview (1992).

Latinos also constitute a rapidly growing proportion of the work force. They currently occupy 7.6% of the labor market, or 9.5 million workers.[4] Their participation in the labor market grew by 36.8% from 1983 to 1991.[5]

Nevertheless, the positions which Latinos occupy within the labor force, and educational achievement levels within the Latino community suggest than many Latinos will have difficulties adjusting to the demands of a technologically sophisticated economy. For example, the largest share of Latino men were employed as operators, fabricators or laborers (29 percent) in March 1991.[6] Non-Latino men were more likely to occupy higher-skilled managerial or professional positions (28 percent).[7]

During that same period, only 51 percent of Latinos had completed 4 years of high school or more.[8] Only 10 percent had completed 4 or more years of college.[9] About 13 percent of all Latinos had less than 5 years of schooling.[10]

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[2] United States Department of Commerce, Bureau of the Census, The Hispanic Population in the United States: March 1991, Current Population Reports, Series P-20, No. 455, Washington, D.C.: U.S. Government Printing Office, at 2.

[3] Id.

[4] Id., Table 2.

[5] Id. at 2.

[6] Id.

[7] Id.

[8] Id.

These figures suggest that many Latinos occupy the lower rungs of the socio-economic ladder. They are disproportionally poor, undereducated, unemployed or employed in low skilled, low wage jobs.

II. THE LATINO EXPERIENCE WITH EXISTING WORKER DISLOCATION PROGRAMS

With low skills and inadequate schooling, many Latinos are particularly vulnerable to ongoing structural adjustment in the U.S. economy and to trade dislocations which may accompany the proposed North American Free Trade Agreement (NAFTA). In fact, Latinos occupy many of the unskilled positions in sectors such as apparel manufacturing and food production which may be lost due to increased competition with low wage competitors.

The Administration and Congress must be prepared to effectively assist Latino and other workers who could be displaced by heightened trade pressures in industries such as these. Unfortunately, the experience of many displaced Latino workers has been very disappointing. The Levi Strauss plant closure in San Antonio, Texas in January, 1990, proved to be a case study in the inadequacies of the current retraining programs. The following information is offered both to highlight the shortcoming and to suggest improvements of those programs.

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[9] Id.

[10] Id.

In January 1990 officials of Levi Strauss & Co. informed city officials and workers at its South Zarzamora Street facility in San Antonio, Texas that it was immediately shutting down operations. Production was moving overseas in pursuit of lower labor costs. What ensued was the largest single lay-off in San Antonio history. 1115 workers, of whom 92.4% were Latino, were thrown out of work. city officials had less than 24 hours lead time to devise a response.

The local response to the plant closing proved to be a nightmare for the Levi Strauss workers. No even remotely credible system for addressing the mass layoff was in place for months. The Texas Department of Commerce's "Rapid Response" effort, initiated several months after the plant closing, was staffed by one individual, who met with company officials. This one man "team" did not meet with city officials until late April or July, 1990. Other appropriate participants -- representatives of the displaced workers, the San Antonio Department of Economic and Employment Development (the local JTPA administrator), the Texas Employment Commission (unemployment insurance and TAA administrators), and direct service providers -- were never approached.

In the absence of a credible rapid response initiative, many of the displaced workers were never apprised of the retraining and trade adjustment assistance which was theoretically available to them. In fact, local officials only began serving the Levi workers after they had formed a union (Fuerza Unida), staged protests, engaged in a hunger strike, and demanded the attention of city officials. The local Private Industry Council (PIC) eventually hired three peer counselors to notify laid-off workers of the services to which they were entitled. Nevertheless, upwards of one hundred workers were never contacted, and simply fell through the seams of the EDWAA/TAA safety net.

Making services available to the workers became the next major hurdle. An initial process was implemented to determine a worker's eligibility for training and adjustment assistance, assess her needs, and then devise an appropriate service -- a daylong undertaking. Two counselors were selected to process 1100 workers. After three to four months had elapsed and Levi workers protested the assessment process' snails pace, additional counselors were hired. Nearly six months passed before workers received any assistance outside of unemployment insurance payments.

The low educational achievement levels of much of the Levi work force presented special challenges. A great number of the workers had less than a high school education, were functionally illiterate, and possessed limited English proficiency. Over 600 were tracked into classroom instruction in English as a second language (ESL) and adult basic education. Most remained there, and received no job training outside of English language and adult education instruction.

About one hundred workers had or earned GED certificates (few had high school diplomas) and enrolled in junior or community colleges. The successful completion of those studies was in doubt from the outset. Due to the many delays which Levi workers confronted at every stage of their odyssey, their retraining benefits began to expire before they had the chance to complete their degree requirements.

A third group of displaced workers were channeled into vocational training programs. Their experience was likewise unacceptable. Training was not available in fields for which workers had expressed a preference, and for which positions existed within the local economy. Many were trained for occupations with low employment prospects.

The vocational training classes were offered through local proprietary schools, who were eager to benefit from the Levi plant closing. However, classes did not begin until several months after training had been approved for the dislocated workers. Even then, trainees had to contend with a shortage of books and other supplies, classroom space, chairs and tables.

Many of the workers requested the nurse's assistant program. San Antonio has a large medical infrastructure which could support new entrants into the health care field. Instead, workers were channeled into other fields, in part because their training benefits would not carry them through the entire course of study. Over one hundred enrolled in a pharmacological assistant program, although a University of Texas study showed that only five to ten positions were available in the local economy.

Fifty workers entered a cosmetology program. Their training benefits expired after 1500 hours of instruction, with no follow-up. Although they completed the coursework, many could not subsequently raise funds sufficient to obtain a state license. Other workers were steered towards clerical and hotel services training, and minimum wage jobs.

The worker dislocation and job training system in San Antonio was totally overwhelmed by the Levi Strauss plant closing. Given the resource limitations of these programs and the inferior delivery system devised to assist dislocated workers, much of the Levi work force received no more than an illusory promise of assistance.

Nevertheless, state and local officials failed to utilize all available resources. Emergency funding allocated in the Spring of 1990 to address a surge in lay-offs boosted local funds from $1 million to $ 6.1 million. Federal rules, however, required that all funds not spent within a fiscal year be returned to the federal government. As a result, approximately $2.5 million was returned to Washington while many workers struggled but failed to meet mortgage and rental payments, and utility bills.

The Levi Strauss workers were offered a bitter lesson in the inadequacies of current worker displacement and trade adjustment assistance programs. Outside of the 30 to 50 individuals who found jobs without the benefit of the EDWAA or TAA programs, and the 50 workers who were transferred to another Levi Strauss facility, few workers successfully reentered the labor market. Most either never received assistance outside of ESL instruction or adult basic education, completed vocational training in fields with few employment prospects, or were encouraged to pursue Associate of Arts degrees without the resources sufficient to complete the course of study.

III. IMPROVING WORKER DISLOCATION PROGRAMS

Dislocated workers must be afforded job dislocation and retraining assistance superior to that which was available to the Levi Strauss workers. Job market needs must be squarely addressed in order to ensure the permanent placement of displaced workers. Moreover, the ongoing transition in the United States economy from manufacturing to service jobs requires retraining focused on different skills, and an appreciation for new technologies. The commitment of the Administration and Congress to U.S. workers can only be demonstrated by seriously addressing the needs of the displaced workers with effective and fully funded adjustment programs which will allow workers to reenter the labor force at wage levels comparable or superior to those which they had previously enjoyed. Current worker adjustment programs are too limited and/or function too poorly to meet current needs, much less to respond to the substantial job shifts associated with economic changes promoted by the reduction of trade barriers.

A. TAA Eligibility Standards Are Too Restrictive

Eligibility for the TAA program is extremely narrow. The program provides benefits only to a small number of persons whose jobs are lost directly as the result of an increase in imports:

that is, only to workers who were engaged in the production of articles of commerce directly competitive with imports themselves. TAA does not apply where job loss results from articles composed of imported components (e.g., consumer electronics) or articles which are components of a finished import (e.g., auto parts). TAA benefits are likewise not available to workers whose jobs are lost when facilities relocate abroad.

Moreover, the program does not reach service employees and other secondary workers such as truck drivers, warehouse workers, and custodial and food service employees who are not directly involved in the production of import-affected articles but whose jobs are nevertheless dependent upon a facility adversely affected by imports. The service, wholesale, and retail trade industries are the top sources of Latino employment in the United States.[11]

In addition, TAA requires that participants have been employed by a single employer for 26 weeks within the preceding year. This requirement tends to exclude many garment industry and agricultural workers who are subject to seasonal employment, or who often work for more than one employer or ostensible employer in a year and/or for employers who frequently do not maintain sufficient wage and hour records to permit employment verification. Paradoxically, workers in these industries are expected to suffer most in the reduction of trade barriers accomplished by the NAFTA. Further, the 26-week prior employment requirement allows only a limited exception for brief sickness, injury and maternity leaves of absence. Sickness and injury leaves are common in low-wage jobs where there is inadequate concern for workplace safety, and the garment industry in particular employs a high number of Latinas who because of pregnancy prior to layoff may become ineligible for the TAA program.

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[11] United States Department of Labor, Bureau of Labor Statistics, "Annual Averages for 1991, Industry and Occupation Tables," (unpublished tabulations derived from the Bureau of the Census, The Household Survey, Current Population Survey), Table 2.

Doubtlessly because of these severe eligibility criteria,[12] the TAA Program served only 25,000 persons in 1991, less than 1% of the 2.7 million persons who were unemployed for six months or more.[13]

JTPA eligibility on the other hand is much broader. Title II-A of the program reaches all low-income adults and youth who receive welfare benefits or whose incomes put them at or below the poverty level. Title III -- the Economic Dislocation and Worker Adjustment Assistance program (EDWAA) -- applies specifically to unemployed workers who are unlikely to return to their previous industry or occupation, workers laid off as the result of plant closure or substantial reduction in force, the long-term unemployed who have limited opportunities for re-employment in the same or similar occupation in their geographic area, and formerly self-employed persons who lost their businesses as the result of general economic conditions in their community. However, while JTPA eligibility is broader than TAA, the JTPA program is under-funded[14] and suffers from a number of shortcomings discussed below, making it inadequate to the needs of Latino workers who might be adversely affected by a North American Free Trade Agreement. Indeed, despite its broad eligibility criteria, the JTPA program in practice serves only 6% of the eligible population.[15]

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[12] Even where a worker is eligible, problems with the Department of Labor's certification process create further obstacles to program participation. A study by the GAO found that faulty investigations were conducted in most (63% of the petitions seeking TAA certification. United States General Accounting Office, Dislocated Workers: Improvements Needed in Trade Adjustment Assistance Certification Process (October, 1992).

[13] Sheldon Friedman, Terms of Adjustment, Northeast-Midwest Economic Review, August 1991, at 8.

B. Benefits are Inadequate to Allow For Meaningful Transition to Productive Employment

1. Income Maintenance Is Not Provided or Is Too Limited

Unemployed workers require income support if they are to make an orderly transition to new employment, particularly if, as in the case of many Latino workers in labor intensive industries, they will be required to progress from low-skilled to more highly skilled jobs in a new economic structure. Under the JTPA program, however, participants receive no support payments if they enroll in classroom training.[16]

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[14] The United States expends less than half the percentage of GDP devoted to job training programs by Canada and other Western industrialized countries. G. Hufbauer and J. Schott, North American Free Trade: Issues and Recommendations, 1992, at 113. In 1991, total JTPA Title II funding was $1.778 billion; Title III funding was only $527 million.

[15] United States General Accounting Office, Job Training Partnership Act: Services and Outcomes for Participants with Differing Needs, 1989.

The TAA program does include some income support payments, but not at sufficient levels. Support benefits (called Trade Readjustment Allowances) under TAA, for the few who are eligible, are the equivalent of a worker's unemployment insurance benefits and are paid only after a participant first exhausts all unemployment benefits. Unemployment insurance compensation however is meager for low-income workers: the average national unemployment benefit amounts to $168.00 per week -- far below the poverty rate for a family of three.[17] This exhaustion requirement reflects a change in the TAA program imposed in 1981. Previously, in order to permit successful transition to new employment, support benefits were supplemental to and paid concurrently with unemployment insurance in an amount up to 70 percent of a worker's prior wages. By providing only subsistence levels of support now, TAA subjects workers to great financial hardship and the risk of losing housing, transportation, and other necessities, and provides a powerful disincentive to pursue and obtain job training. This is no model for creating productive, highly-skilled workers in new and contemporary capacities.

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[16] While paid training is available in the form of on-the-job training, this program tends to assist only those who are currently job-ready and does not provide participants with job skills that improve their employment or wage prospects.

[17] Sheldon Friedman, supra n.13, at 8. Adjusted for inflation, the U.S. minimum wage has declined by one third in the last 30 years. United States Congress, Office of Technology Assessment, US-Mexico Trade: Pulling Together or Pulling Apart, (October, 1992), at 38, 89.

TAA support benefits, when paid, are paid for a very short period: approximately 26 weeks or less if no job training is obtained, and approximately one year if the participant is receiving classroom training. This again represents a 1981 limitation on the original duration of the TAA program. Likewise, under the JTPA program the only means by which a participant can earn income (from on-the-job training) is limited to 26 weeks. In order to provide adequate income maintenance and meaningful access to job training, support payments should be available for at least one year, and up to two years while a worker is enrolled in unpaid job training.

2. Job Training Is Not Aimed at Providing Fundamental and Transferable Skills

Income support by itself, however, only encourages the natural but counterproductive tendency of displaced workers to make use of existing skills by seeking employment in the declining industries from which they have been laid off.[15] To permit displaced workers to move into productive new employment, they must be afforded an opportunity to gain new job skills.

Existing job training programs have been found to be of little value in the acquisition of skills leading to higher employment and income rates, especially for Latinos. A 1992 study of JTPA Title II-A participants (low-income adults and youth) reported that the program produced little if any income or employment gains overall and no or negative effects for Latinos.[19] After-program earnings varied inversely with the number of employment barriers a participant faced. That is, those most in need benefitted least. Likewise, a study of Title III participants (displaced workers) in 1990 found that the average national wage rate after completion of job training programs was only $7.80 per hour.[20] In California, the average wage rate earned after participating in a job training program was a mere $5.75 per hour.[21] While these studies were nominally of JTPA programs, it should be expected that their results are true for TAA participants as well, given that TAA establishes no independent job training courses and in fact requires coordination of job training with JTPA programs.

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[15] Gary Hufbauer and Jeffrey Schott, supra n.14, at 115.

The Levi Strauss plant closure in San Antonio, Texas, in January, 1990, further illustrates the weakness of current job training programs. In the largest layoff in city history, 1,100 workers were left jobless, more than 92% of them Latino. A great number of these workers had minimal levels of education, spoke limited English, and suffered work-related injuries. While theoretically eligible for job training, by the fall of 1990 only 14 of the 1,100 workers affected had found new jobs.

There may be a number of reasons for these results. As noted above, the lack of adequate income support during training makes it extremely difficult for unemployed workers to pursue training. Also, training courses -- like income support where it is available -- are limited to 26 weeks and too brief to provide meaningful job skills, especially for participants entering the program with low skills. And because no income support is provided, participants usually enroll in the training for no more than 12 to 16 weeks, and frequently less.[22]

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[19] Howard Bloom et al., The National JTPA Study: Title II-A Impacts on Earnings and Employment at 18 Months (May, 1992) at 3-4, 15-16.

[20] United States General Accounting Office, Dislocated Workers: Comparison of Assistance Programs (September, 1992) at 5.

[21] Id. at 35.

Overall, displaced workers receive no or insufficient notice of job loss. Providing such notice along with opportunities for training before layoff significantly improves the possibilities for enrollment in training programs, prompt re-employment, and higher earnings.[23] Currently, only firms with 100 or more employees are required to provide any advance notice of job loss under the Worker Adjustment and Retraining Notification ("WARN") Act, and even then only brief notice and only in the case of mass layoff. Many employers appear to be unaware of their responsibilities under the WARN provisions, or purposely disregarding their obligations. The Government Accounting Office found that 54 percent of those employers whom they had identified as subject to the WARN Act in a recent report failed to provide advance notice of plant closures.[24]

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[22] U.S. Congress, Office of Technology Assessment, supra n.17, at 33.

[23] General Accounting Office, supra n.20, at 22.

[24] General Accounting Office, Dislocated Workers: Worker Adjustment and Retraining Act Not Meeting Its Goals (February, 1993) at 5.

About 29 percent of those employers which had provided noticed gave workers less than the required 60 days' warning.[25]

Even if the WARN Act was fully implemented., it would still be grossly inadequate. In the California apparel industry for example, 80% of the firms employ fewer than 50 employees.[26] In the food processing industry, nearly half of the employers have fewer than 20 workers.[27] These two industries are susceptible to NAFTA-related trade dislocations.

By conditioning contractor payments solely on participants' successful completion of training courses, and requiring that training contractors initially arrange for and assume the cost of providing additional benefits such as transportation and childcare to participants who require them, the funding structure of the JTPA program rewards the practice of "creaming" -- encouraging contractors to concentrate assistance on participants who have the fewest obstacles to re-employment, leaving those most in need with the fewest benefits.[28]

Even apart from the probability of national origin discrimination in the operation of job training programs,[29] many Latinos have low levels of education and face language barriers to more highly skilled employment. To the extent that they participate in the JTPA, Latinos are frequently forced to exhaust their job training benefits in the acquisition of language and basic-skills training without obtaining occupational training. TAA participants lose income support benefits altogether if they pursue such training.

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[25] Id.

[26] Raul Hinojosa Ojeda, Sherman Robinson, Geotz Wolff, "The Impact of a North American Free Trade Agreement in California: A Summary of Research Project Findings," Southwest Voter Research Institute, September 1992, at 23.

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[28] General Accounting Office, Job Training Partnership Act: Racial and Gender Disparities in Services (September, 1991); National Council of La Raza, Falling Through the Cracks: Hispanic Underrepresentation in the Job Training Partnership Act (1989).

Basic skills and language training should be in addition to -- not in lieu of -- occupational training. More importantly, job training programs should be viewed in the same light as youth education -- as human resource development -- and should as far as possible teach broad, transferrable skills which increase productivity and offer opportunity for advancement. The 1990 federal Perkins Vocational Education Act adopts this strategy -- teaching fundamental skills, and training participants in all aspects of an industry -- and adult job training programs would be well served to do so as well. The average American worker now changes occupations four-to-six times during his or her worklife.[30] The reduction of trade barriers accomplished by the NAFTA is expected to accelerate economic and technological shifts and to emphasize the importance of a highly skilled workforce with the flexibility to respond to a changing economy. If the United States is to compete successfully in a global economy, job training and education must be lifelong opportunities.

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[29] Id.

[30] National Center on Education and the Economy, Commission on the Skills of the American Workforce, America's Choice: High Skills or Low Wages (1990).

3. Sufficient Support Services and Other Ancillary Benefits Necessary to Obtain Appropriate Job Training Are Lacking in Current Programs

Neither the JTPA nor the TAA program provides participants with health care insurance, although the cost of purchasing such benefits is prohibitive (amounting to nearly 50 percent of a worker's average weekly unemployment insurance benefit[31]). To permit real access to job training, unemployed workers should not be required either to shoulder this enormous cost or to be at risk of catastrophic loss.

Other support services including transportation, childcare, job counseling, job placement and relocation assistance also should be a part of any effective program. Although a few such services are provided to some extent under existing programs, they are minimal or restricted, especially with respect to agricultural workers. Transportation, childcare, and relocation assistance in particular are essential for many low-income Latinos who can be expected to be displaced and to require job training as the result of the ongoing restructuring of the U.S. economy and the NAFTA.

III. MALDEF POLICY RECOMMENDATIONS

Latinos in the United States are the fastest growing population group. Between 1990 and 2005, one out of every six new workers will be Latino. But they are disproportionately poor, undereducated, unemployed or employed in unskilled, low wage jobs. NAFTA impact studies show that Latinos will suffer disproportionate job displacement while failing to share equally in job gains enjoyed by other groups. Paradoxically, Latinos also benefit least from current job training and worker adjustment programs. Although there are useful aspects of these programs, each falls short in a number of important respects and taken together they are too limited and poorly equipped to address current needs, much less the large scale economic shifts which can be expected to continue into the next decade. At a minimum, worker adjustment and retraining programs must be responsive to the following issues:

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[31] Sheldon Friedman, supra n.17, at 8.

- Experience with the Trade Adjustment Assistance program demonstrates the difficulty of tieing increased trade competition directly to specific job losses. **The restrictive eligibility criteria of job training program such as TAA must be replaced by broad eligibility standards for economically disadvantaged and dislocated workers at least as inclusive as the current Job Training Partnership Act.**

- Job training is clearly most effective when workers receive advance notice of job loss and immediate access to retraining, and the earlier the better. **Sufficient notice of impending job loss should be given to all employees -- at least one year for persons working for companies with 14 or more employees and six months for persons employed in small businesses.**

Access to job retraining should immediately follow notification of job loss. Notice must be given in a manner designed to be understood, using the primary languages of the workforce. Violation of the notice requirement should be deterred and remedied by substantial penalties.

- Job training programs are foreclosed to low income workers and/or too brief to be effective if they are not accompanied by income support. **Adequate income maintenance requires a living wage, or at minimum replacing a worker's former wage, for up to two years to permit completion of meaningful job training and an orderly transition to productive new employment. Bridge benefits should be provided to workers near retirement.**

- Participation in current training programs has not permitted the acquisition of needed employment skills or produced income or employment gains for low income workers, particularly for Latinos. **What is required is broad vocational, basic skills and remedial training as envisioned by the Perkins Vocational Education Act designed to provide transferrable job skills and targeted to available, expanding and strategic occupations and industries, highly-skilled jobs and self employment. Language and other basic skills training must be supplement, not supplant, occupational training.**

- The funding and benefits structure of the JTPA program biases the provision of services to those who enter the program most job-ready. **Emphasis and incentives should be focused on training special populations with the greatest barriers to skilled employment, as opposed to those most easily trained. Apprenticeship programs must likewise be encouraged.**

- Current adjustment program benefits are structured in a way which undermines the goal of sound and lasting job training. **To provide a realistic opportunity to complete training, participants and their dependents should receive comprehensive support services, including health benefits, child care, transportation, job search assistance and relocation allowances.**

- Participation in current programs has been deterred by bureaucracy, poor communication particularly with language minorities and unnecessarily complicated application and certification procedures. **A working program requires effective communication to eligible workers, active outreach efforts and the fewest possible administrative procedures and obstacles to participation.**

- Existing training programs have not been funded at adequate levels. **An assured and adequate funding stream is essential to the success of any job training program. Funds should be** targeted to workers in regions and industries most adversely affected by job and wage loss.

- Studies of existing programs have frequently complained that the absence of detailed data on program operation has hindered program success. Data collection and disclosure regarding economic adjustment, employment and immigration trends and program participation is required in order to alert public policy makers where necessary to modify aspects of any ongoing program.

- Current job training programs have likewise suffered from a lack of regular and thorough federal direction and oversight, workforce and community input and private enforcement mechanisms including a full and responsive administrative enforcement scheme and independent judicial review. Such protections are necessary to ensure fair and non-discriminatory program access and operation. The structure of the Perkins Vocational Education Act is a useful model for federal, state and local involvement, provided that national minimums and private enforcement mechanisms are included.

OVERSIGHT HEARING ON DISLOCATED WORKERS

THURSDAY, JULY 29, 1993

House of Representatives,
Subcommittee on Labor-Management Relations,
Committee on Education and Labor,
Washington, DC.

The subcommittee met, pursuant to call, at 10 a.m., Room 2261, Rayburn House Office Building, Hon. Pat Williams, Chairman, presiding.

Members present: Representatives Williams, Klink, Green, Woolsey, Roukema and Gunderson.

Staff present: Jan Weintraub, staff director; Fred Feinstein, chief counsel; Gail Brown-Hubb, staff assistant; Paula Larson, staff assistant; and Mary Gardner Clagett, professional staff member.

Chairman Williams. We will call this hearing to order of the Subcommittee on Labor-Management.

I am pleased today to conduct our second hearing on the subject of dislocated workers and economic conversion.

Our purpose today is oversight. The subcommittee is interested in learning about several things. Let me share them with you, at least from my standpoint.

The first is the basic ingredients for a successful dislocated worker program; second, recommendations for legislative changes to JTPA Title III; third, recommendations for change in the Federal, State and local efforts, coordination for any new dislocated worker design.

The next one is very important, I think, in my judgment, to the majority of the members of the committee, the full committee and probably the House of Representatives, and that is the type of linkages that would be necessary to Federal job creation efforts for individuals after they receive training.

Fifth, the design of effective rapid response efforts; next, the examples that exist regarding the successful conversion of plants to producing new products and retraining their existing workforce; also, the key/common elements to those successes; eighth, how States and localities are linking their retraining efforts to industrial and regional economic development, including emerging technologies; and, finally, how can the knowledge gained in training America's armed forces be used in retraining our dislocated workers.

I want to say, again, what I have said in other hearings as well as public statements, and that is, from my part, I am skeptical about our Nation's training efforts and their success and particularly skeptical about their place in today's economic world.

Let me tell you that the members of the House I have talked to are not interested in spending legislative time in reshaping our retraining efforts unless those efforts are linked to job creation through Federal investments and private investments which would be accompanied by an upswing in the Nation's economy.

I want to thank our witnesses in advance for being with us.

Let me turn now to our Ranking Member, Mrs. Roukema.

[The prepared statement of Hon. Pat Williams follows:]

STATEMENT OF HON. PAT WILLIAMS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

I am pleased today to conduct our second hearing on the subject of dislocated workers and economic conversion. Before we review proposals from the administration to reform these efforts we must review what our investments to date have yielded.

At our last hearing, the subcommittee learned from Acting Assistant Secretary for Employment and Training Carolyn Golding that, "Sixty-eight percent of Title III program terminees entered a job when they left the program and when we followed up 13 weeks later, 70 percent had jobs." We also learned that, "The average hourly wage rate for these employed workers started at $8.49/hour and 13 weeks later that wage had risen to $8.75/hour." This was a decrease from the average hourly wage rate of the jobs from which they were dislocated which paid $9.34/hour. That is an initial loss of 85 cents/hour at a Federal investment of $2,500 per slot. We do know that there is a significant wage loss associated with a loss of employment. Does this investment effectively limit this loss?

These program outcomes have occurred in the context of the dismal economic picture that the unemployed face as they approach choices open to them for retraining. This picture is one of: [1] ever-decreasing real average hourly earnings; [2] a significant lack of job growth coming out of this recession when compared to prior recessions; [3] a structural unemployment problem in which only 14 percent of the unemployed expect to get their old job back during this recession compared with an average during the past four recessions of 44 percent; and [4] 18 percent of the full-time workforce are earning wages below the poverty rate for a family of four.

Our purpose today is oversight. This subcommittee is interested in learning more about: [1] the basic ingredients for successful dislocated worker programs; [2] recommendations for legislative changes to JTPA Title III; [3] recommendations for changes in the Federal, State, and local roles in any new dislocated worker program design; [4] the types of linkages necessary to Federal job creation efforts [e.g., highways, environmental and energy clean-up, et cetera] for individuals after they receive training; [5] the design of effective rapid response efforts; [6] the examples that exist regarding the successful conversion of plants to producing new products and retraining existing workers; [7] the key/common elements to those successes; [8] how States and localities are linking their retraining efforts to industrial and regional economic development and emerging technology; and [9] how can the knowledge gained from and facilities used in training America's armed forces be utilized in retraining dislocated workers.

Let me again remind my colleagues that I am skeptical about the success of our Nation's training efforts. Let me suggest that few members of the House that I have talked with will not want to spend a lot of time reshaping our retraining efforts without those efforts being linked to new job creation through our Federal investments and an upswing in our Nation's economy.

I look forward to learning more about this subject from our witnesses today.

Mrs. ROUKEMA. Thank you, Mr. Chairman. I certainly want to welcome our panel here today, and I am, as with you, eager to hear the testimony and the contributions that they can make to our understanding here.

I had not realized, Mr. Chairman, that you and I shared the same skepticism and concern—and it is more than skepticism, it is concern, but I do hope this panel can help us make the linkage because I recognize as you do—and you have outlined it very well in your opening statement—the importance of streamlining and creating a more efficient system in these programs. Some call it one-stop shopping.

I don't know what our panelists are going to tell us about that. But all of it will be absolutely for naught if we do not have the job-creating elements that are necessary, whether they be dislocated workers with low skills, medium or high skills or whether they be the college graduates that we have been reading so much about who have graduated with all kinds of degrees only to find that they are at minimum wage or low skill jobs. We have a problem in this country.

So we want not only to understand how effectively we are putting together and streamlining the process of retraining but also that has to be directly linked to economic development and job creation.

While you and I do not want to get into a renewed debate over the efficacy of the budget process—budget program—we have there and the relative merits of—or the relative values between cutting spending and tax increases, my problem has always been with this budget not so much that we have to increase taxes—I am not a Republican that says read my lips; no new taxes—but that I don't think we have the proper mixture of capital investment incentives or purposes of private sector job creation.

I want to see those jobs there for the dislocated workers and others, and, to the extent this panel can help us link those two, I would be happy to hear it, but we understand our primary purpose is on the organization and streamlining and efficiency that we want to build into the process.

So, Mr. Chairman, I thank you, and I would hope that we could work together in a bipartisan way to see that that linkage is made.

Chairman **WILLIAMS**. Without objection at this point, we will place the statements of other members who so desire in the record.

[The prepared statements of members follow:]

STATEMENT OF HON. RON KLINK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Thank you Mr. Chairman.

I am pleased that the subcommittee is again examining training for dislocated workers. This issue relates to an area that has been a concern of mine for some time.

Sad to say, we know all about dislocated workers in western Pennsylvania. What was once a mighty part of America's industrial heartland now faces almost 25 percent real unemployment in some areas.

Unfortunately, laid-off workers often do not know where to turn. They don't know what services are available, who is offering them, or even whether they are eligible. Consequently, many go without training or reemployment services and face long periods of unemployment.

I am encouraged that the Clinton administration is working on a proposal to reform the Federal program for dislocated workers that will stress rapid outreach to workers when they are laid off and a long-term vision of training.

I'm also happy that the administration's proposal will begin to consolidate some of the 125 Federal employment and training programs currently on the books. This will help alleviate the confusion workers feel when they are laid off or when they are looking to improve their skills.

I hope that we can add something to the reform and consolidation of these employment and training programs today.

Chairman **Williams**. I see that the staff has the witnesses seated in the order in which their names appear on the witness list so let me take you in that order.

Our first witness is the former Secretary of Energy and Chief of Naval Operations, James Watkins. Admiral, it is nice to see you here. Thanks for being with us.

STATEMENT OF ADMIRAL JAMES WATKINS, FORMER SECRETARY OF ENERGY AND CHIEF OF NAVAL OPERATIONS, WASHINGTON, DC

Admiral **Watkins**. Thank you very much Mr. Chairman. I appreciate this opportunity to address this subcommittee. I have submitted a formal statement for the record, and I will be brief in oral comments here.

I think this is one of the most important issues and the reason I was quite willing to come before this subcommittee on the economic recovery in support of efforts to put our incredibly talented, skilled workers in private jobs in the private sector and to deal with the dislocated worker from the military which is the dislocated, displaced, military uniformed members and the civilian workers affected by the downsizing of the civilian force.

I will focus my comments in the area I am familiar with and try to give answers to some of the issues that you raised in your opening statement.

Frankly, the track record in this country for strategic training on matching skills needed in the country with the skills available, or the retraining or reeducation of those skills to make them match the skill needs of the country, has been abominable. It has been that way for years.

Six or seven years ago, I was a major participant in the work of the panel called Work Force 2000, sponsored by the Department of Education and Department of Labor. And at that time with all the defense buildup and the "evil empire" was still in existence, there was a skill mismatch that was so evident because of the technological explosion in the country that we were not ready even then—and we had plenty of unemployed then, 4 or 5 percent—but still we needed not to have that kind of unemployment.

We had no national system to coordinate with the State, the regional areas, business and industry and information exchange network that could be accessed by the States to be sure we were doing the very best we could by our workers. We have seen it in the military as well as in the private sector.

We also were not educating our people to meet the skill needs of exploding technological developments in the country. We were bringing large numbers of men into the military, and we had to put hundreds of millions more into our retraining and reschooling of these individuals. They had high school diplomas and couldn't read above the eighth grade level. There was a lot of that.

Now we have compounded that problem with letting the planning go adrift in what should have been efforts to prepare the Nation for the downsizing of the Defense Department.

We beat our breast when the Defense Department is growing and say how wonderful it is to put all these jobs out there. For example, say it is 10,000 jobs for white collar workers, more for blue collar workers, for every billion dollar expenditure for defense investment.

.I didn't hear the comment at any time after 1990, when it was very clear that we were not going to need the kind of sizing of defense establishment we had before, about how we were going to manage downsizing—the Manhattan Project in reverse, if you will—and be ready for the assured economic problems that would be generated by just letting the defense contractors go down the tubes, let our own workers out there who were related to that defense industry go down the tubes without addressing it as to how we were going to do the cross-training.

In my formal statement I addressed what I considered to be an essential approach to this. I am not sure that changes to the laws are necessary because we have not managed a system to take advantage of the existing laws well.

I think your point of asking the question for changing the law is fine, but we should not tinker with the law alone and not set up a panel chaired perhaps by the Secretary of Defense or Secretary of Labor to start the ball rolling and get a very visible relationship here between the Armed Services Committee and your committee on pulling together something with tough oversight to see that we are carrying out existing laws well and then getting the States to participate in that, much as we did with the National Education Program, to come together and try to get our skills matched with the national needs and the cross-training going.

Now, in my testimony I also raise the issue of the utilization of the defense facilities for cross-training. We have the finest military education and training facilities in the world for skilled worker training in the military. There isn't anything better. The Congress has given us the best.

We have interactive satellite linkages. We have all the computer base support for education. We have the same skill needs in defense as the private sector has, no different. But they are not located in the right spots. But there are available resources out there, some of which are going to be closed down, and it would be a tragedy to shut down these training and education facilities that are ideally suited for skilled worker training in the private sector and not transition them to ownership by the private entity or State agencies.

It seems to me that is where shared funding can certainly start out from Defense and perhaps migrate over the labor and the private sector enterprise eventually. But it would be a crime to shut down those defense facilities that have so many resources available, both human and otherwise.

I have pointed out examples in my testimony, also, of both the conversion of humans in the defense area, uniformed and non-uniformed.

I have in my statement one rather lengthy discussion of the situation we found at Rocky Flats with 8,500 employees that had to be reeducated and retrained to go into the private sector. Even if only half of them could be turned around in skill training to clean up the mess we left in Rocky Flats, who best can go in and clean up that situation with than those skills who were forced to produce nuclear-related materials without attention to the environment for so many years.

They are the best. All we need is to do is reeducate them with some engineering or chemistry training, and we would have the best-trained clean-up team in the world.

We went to local authorities in Colorado, worked with them at great length, and the Governor set up the proper interactive system to assure we did the best by those workers.

There are bits and pieces of that all over the Nation. I don't mean to say we don't have good people trying to do good work for displaced workers, but I don't think we have a national program to address this issue, and we need to establish one.

I have given you the outline. If we do that, we can do it in a way that will not only satisfy the needs to get these skilled workers back in the workplace in a productive and meaningful job at the earliest possible time, but we can satisfy the need that Bill Perry laid out in a recent address before the Center of Naval Analyses on "Shrinking the Defense Infrastructure" in which he said the main issue is how to maintain the intellectual capital.

I believe that there is a system there that can be put into effect to maintain the intellectual capital on unique defense systems which doesn't seem to have the same kind of linkage with the private sector to satisfy the defense needs as well.

So I think all this can be done. I think we have to set up a national program. We ought to have it linked with the States, good oversight jointly between you and the Armed Services Committee here on the Hill, to monitor. And I think we will make a big difference, maybe more than the economic package on the Hill today, to get our workers sensitized to the fact that the workers here in America are the most productive workers in the world. They are great, and we have let them down.

Thank you, Mr. Chairman.

Chairman WILLIAMS. Thank you very much.

[The prepared statement of Admiral Watkins follows:]

THE DISPLACED SKILLED WORKER: KEY TO A HEALTHY INDUSTRIAL BASE WE CANNOT LOSE

Admiral James Watkins

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With the abrupt ending of the cold war, a new sense of urgency was given to the acceleration of strategic arms reduction. All new nuclear weapons production was suspended. With this suspension came significant workforce reduction on short notice. At the same time, rising federal investment in environmental clean up of these same bomb-building facilities was commencing. At the Hanford, Washington site - DOE's most contaminated - even with the cessation of all defense related operations, skilled manpower requirements grew and still continue to grow. This became a relatively easy management plan for displaced workers since they could be guaranteed another job at the same site were they to accept the offer of vigorous cross-training set up for that purpose.

At most other sites such as Rocky Flats, however, a minimum of a one-for-one job opportunity could not be justified and dislocations were certain to take place. This situation is more the norm nation-wide and its management is not so simple. Furthermore, because there seems to be no comprehensive or integrated plan attempting to match skills displaced in the state or region to skills available (or that could be made available through cross-training) our plans were only partially satisfying to threatened employees at most affected facilities. Each announced cutback was painful and filled the workforce with fear and apprehension. This scenario seemed to cry out for a considerably more effective mechanism to smooth out what appeared to be growing chaos in the defense downsizing process, as jobs were being lost faster than the system could respond. So what should be done?

In late May, Deputy Secretary of Defense Bill Perry addressed this issue in his keynote address before the Center of Naval Analyses' annual conference by focusing on "Shrinking the Defense Infrastructure." Perry described his four strategies for downsizing then talked about each one, one of which was the maintenance of a healthy industrial base. In defining the latter strategy, he pointed out two different aspects. First, he said, "we get this by making much greater use of dual-use technology and commercial specifications in components and systems. These steps will allow us to make much better use of the non-defense industry as we begin to integrate the defense industry with it. We can go only so far in that direction, though. We do not have commercial industries that build nuclear submarines, tactical fighters, or armored vehicles." I say the latter special categories he cites are relatively small in number and lend themselves more easily to isolated addressal. Secretary Perry then closed his industrial base strategy with what I consider to be his most important statement, and one particularly germane to this hearing. He said," The main issue is how to maintain the intellectual capital. How do you maintain the skill level of the people involved...A major part of our bottom-up review is to describe the actions needed to maintain this healthy industrial base, particularly in those areas where the systems are defense unique." The degree to which the affected intellectual capital in these "defense unique" categories is so unique that it cannot fit into the dual-use category is problematic. My experience has been that the preponderance of the industrial base suited for defense and commercial use is virtually the same in both its critical human skill and general overall technological makeup. If this is the case, then the principal challenge becomes how to develop and manage the downsizing both for unique and dual-use systems, in order to ensure skilled labor recall effectiveness if needed for defense mobilization. At any rate, truly unique systems and skills can be identified in sufficient detail so as to provide an agreed upon menu of unique defense system capabilities (human and material) which may need a tailored approach in order to maintain the desired healthy industrial base.

Our question, then, is how do we construct a management system that can: (1) place today's burgeoning numbers of dislocated skilled defense workers from both uniformed and non-uniformed components into meaningful and productive jobs in the private sector; and (2) at the same time allay fears of those responsible and accountable for assuring that the intellectual capital of the national security industrial base is maintained and ready for recall and efficient reapplication to defense rebuilding if and when necessary. The uniformed component for recall, of course is vested in the Reserve.

In my opinion, the answer to this challenge is one that calls for the construction, on an urgent basis, of an integrated public/private strategic action plan to initiate such a management system. Such a system might be based on the following concepts:

(1) Establishment, within the Executive Branch, of a high level task force appointed by the President and co-chaired by the Secretaries of Defense and Labor, with participation by all other affected Departments and Agencies to coordinate Executive Branch involvement with all other affected entities. Dual-use technologies and their supporting human skills, together with their efficient transfer to the private sector, are already becoming accepted as matter of national policy, particularly now as response to laws recently expanded by Congress are being more aggressively implemented. In this connection, the Executive Branch task force should develop their management plan to include the following components:

(a) Establishment of a regional skill need/skill available information exchange mechanism to facilitate the placement of dislocated defense skills within the same region (best case scenario) or into other States/regions if the dislocated worker elects to move, particularly when skills available may be in excess of skill needs in the local region. A breakout of both unique and generic skill losses by quantity and quality to match the high priority geographic regions should be made a part of this information data base.

(b) Identification of those regions where significant Defense investment is still planned (eg: environmental restoration and waste management for DOD or DOD-related facilities) and assign highest priority to determining the degree to which existing skills (military and civilian) could be placed now or could be reeducated/retrained to fulfill needs (eg: teaching and training in technical areas) within that same region.

(c) Development of a "reserve" or "recall" incentive system to help maintain management control over defense unique skills who make up the departing intellectual capital. Such an incentive system, to help ensure a healthy future industrial base, might include establishment of a newly-defined and created civilian defense mobilization reserve cadre, not unlike its uniformed counterpart, in order to capture their special technical skills for at least a few years after initial displacement. Demonstration of unique skill maintenance by some appropriate but simple mechanism and some modest compensation for affiliation to this mobilization reserve cadre should also be included in the system. A related incentive might be to assure that compensatory community service under provisions of the pending "National Service Trust Act of 1993" would include post-college teaching assignments at qualified re-education and retraining centers as outlined herein.

(d) Development of interagency - coordinated budget line items for facilitating success of these objectives shared by DOD, Labor and other participating Federal agencies in the FY 1994/5 budgets. Incentives to states, businesses, and industry to contribute in some fair-shared fashion to the total funding stream of the information exchange system should be included, since they will be the major beneficiaries of the strengthened skilled worker base.

(e) Development of an ownership transition plan from public to private sector of those Defense education and training resources now planned for closure, with priority given to the most severely impacted regions. This is absolutely essential if we are to avoid loss of some of the finest skill cross-training resources in the world, both human and material. These education and training centers also present an ideal placement opportunity for so many highly-skilled but now displaced military members.

(f) Development of partnerships between public and private entities to ensure maximum utilization of other defense education and training facilities that will still remain in operation, but may be either under utilized as a result of defense downsizing or in many cases, not used at all during evening or back-shift hours. Most of these can be useful for displaced worker cross-training and reeducation programs and as a center for subsequent job placement, particularly those related to activities in which considerable federal investment is still being made, (eg: environmental restoration and waste management of closed defense facilities).

(2) Establishment of a special joint oversight committee of Labor and Armed Services Committee leaders here in the Legislative Branch, to help ensure effective execution of the program and to provide congressional interface for the aforementioned task force. This is also necessary to facilitate

prompt resolution of or expedite any actions on matters that may require legislation beyond that already enacted.

(3) Encouragement of Governors of those States particularly hurt by Defense downsizing (and corresponding job loss) to establish their own counterpart task forces of State/Business/Industrial elements to: help spell out in a more comprehensive way exactly what intellectual capital (military and civilian) is in excess and hence in need of retraining/reeducation; participate with the Federal Task Force to harmonize regional skill requirements with displaced workforce skill mix available or about to be made available; determine what their priorities are by most-burdened region; and set up an interstate information communications exchange to allow exploration of opportunities for excess local skills to move elsewhere if they so desire. Perhaps priorities would be set by having each state establish regional criteria on the basis of its existing or anticipated unemployment figures which are directly tied to defense downsizing or base closure actions and in excess of the national norm.

Admittedly, many elements of this kind of plan are already being pursued in varying degrees across the country, but with questionable overall effectiveness. But if we set out to make this more of a Manhattan Project in defense "downsizing" as we did for "upsizing," there is little question that we will do the job better, faster, at considerably less human cost and with considerably more confidence that our future national security needs can still be met.

Let me give you some examples from my own experience in both the DOE and the private sector, where selected protection of needed intellectual capital of the industrial base has been achieved as a result of defense downsizing.

(1) Displaced Military

(a) OLD DOMINION UNIVERSITY'S MILITARY TRANSITION TEACHING PROGRAM

This Program was founded in 1989 with 40 students, with focus on training transitioning military personnel to be elementary, secondary and special education teachers. Current enrollment is 750. More than 60-percent of the students have other degrees – most in math and scient fields. Many of these students have masters degrees when they enroll at ODU. Nearly 100-percent of the program's graduates are placed in full-time teaching positions. The University has strong ties to local school districts, and works to meet the schools needs. Graduates are now teaching in 15 states, including Virginia, many having assumed leadership roles in their schools. ODU has teaching sites in Norfolk, Virginia Beach, and in the Hampton/Newport News region. The Virginia Department of Education has given ODU permission to pursue distance learning programs within the state; ODU has the capability to take its program -- through distance learning -- to virtually any city in the country, and many locations around the world. ODU has been contacted by other universities about assisting them in establishing parallel programs. The consultant firm with which I am now affiliated here in Washington D.C. called APCO Associates, has been active in providing support to ODU for this program.

(b) FLORIDA - UNIFORMED SERVICE MEMBERS TO SECOND CAREERS IN UNDESERVED SKILL AREAS.

In Florida, an innovative program has been established which links the Florida Department of Education with community colleges, vocational-technical schools and industries where there are job shortages in the health care and trucking industries, as well as public sector jobs, particularly teaching and law enforcement. The Second Careers program targets military personnel who have or will soon separate from the armed services and are planning to relocate to Florida. In 1992, this program was highlighted before the Senate Task Force on Defense Conversion. As a result, the Second Careers framework became the model for transition services in the 1992 Defense Authorization Act. Over 3,500 military personnel have contacted the Second Careers office for assistance during the past three years.

(2) Displaced Civilians

(a) ROCKY FLATS LOCAL IMPACTS INITIATIVE

At Rocky Flats, the community leaders from the surrounding cities and counties joined forces with other parties interested in the future of the facility and formed the Rocky Flats Local Impacts Initiative. Membership is comprised of civic and business leaders, union representatives, environmental activists, DOE and contractor staff as well as other "stakeholders." The Department of Energy provided funding for that group to serve as an active participant in framing the new Rocky Flats – one that is smaller in size and serves a new purpose – environmental cleanup. A top priority for that group is the future of current workers at the plant. I ask you, what better technical work force to clean up than those who for years had been asked to maximize production effectiveness? They know what the undesirable environmental hazards are and where they are located. All they need now is our help to cross-train them to apply their current technological skills in production, retooled to those different but related skills needed for environmental clean-up.

Working as a team with the community group, the Department developed a number of approaches to providing worker retraining or training enhancement. Just prior to leaving the Department, I issued an order for the plant to reopen the Rocky Flats Institute which was initially started to provide on-site employee development training. That Institute, which draws on instructors from local colleges, will now also provide the courses necessary for workers to move from work on the defense side of the plant to work in the area of environmental restoration and waste management.

Rocky Flats is also leading the way in teaming with state officials to train individuals for environmental restoration work throughout the state -- not just on a site-specific basis. Working with Front Range Junior College, and the State of Colorado, Rocky Flats is providing training for environmental technicians who will be able to work on cleanup projects -- federal, state and private -- anywhere in the state. The Department plans to use the Rocky Flats technician retraining program as a model for other DOE sites such as Pinellas (Florida) and Mound (Ohio).

The Rocky Flats Local Impacts Initiative is also working with DOE to identify personnel needs throughout the state where existing DOE workers can reasonably participate in some form of retraining and find employment in the private sector. This local/federal cooperative effort is essential to a successful worker retraining effort. We need to look at all training resources (e.g., military) and all potential job opportunities through a collaborative effort.

A related, very necessary activity is the effort on the part of the Department and the community group to identify possible economic development opportunities for the site itself, thereby establishing job potential on-site. There have already been several expressions of interest on the part of the private sector to make use of not only the buildings at RFP, but the machinery and the personnel trained to operate that equipment. A prime example is the precision tooling machine shop where the retrofitted equipment enables the technicians to manufacture components to measurements narrower than a hair. The "defense unique" skill who run that equipment are the cream of the crop, chosen from around the country to operate state-of-the art, one-of-a kind equipment. It would be a crime to lose those capabilities to the defense industrial base -- both equipment and personnel. Economic development at sites being closed should be an integral part of any worker retraining plan.

Although each of these are isolated examples of successful defense conversion while maintaining the intellectual capital within the industrial base, we need to recognize that the institutional process is not well-established nationally and needs to be brought together in an integrated and comprehensive manner. This may take several years of solid management attention, but if we fail to start now, we will not only lose control of the industrial base for possible national security recall, but more importantly fail to get our good displaced defense workers in productive jobs in the least possible time.

In conclusion, then, it is my belief that vested in the world's finest education and training facilities owned by our Department of Defense, we have the potential to create productive jobs for the displaced defense worker in the commercial world. We have the potential to maintain the intellectual capital needed for recall, and to create a long-needed mechanism to provide needed nation-wide skills cross-training so as to preclude another tragic discontinuity between changing skilled workforce requirements derived from violent national policy swings, and the skills available to fill these new requirements.

Q:\SRCONS\WATKINS\TESTIFY.SEP

Chairman **Williams**. Our next witness is Gregory Bischak, Executive Director, National Commission for Economic Conversion and Disarmament, Washington, DC. Thanks for being with us.

STATEMENT OF GREGORY BISCHAK, EXECUTIVE DIRECTOR, NATIONAL COMMISSION FOR ECONOMIC CONVERSION AND DISARMAMENT, WASHINGTON, DC

Mr. **Bischak**. Thank you, Mr. Chairman and members of the subcommittee. I am pleased to have the opportunity to appear at this oversight hearing to address the issue of dislocated defense industry worker programs, particularly dealing with the draw-down in defense.

I have formal testimony which I have submitted, so I will try to give a quick overview of what is in there.

The support, broadly speaking, for defense dislocated workers is more or less the generic supports outlined in the Economic Dislocation and Worker Adjustment Assistance Program, and Title III of the Job Training Program.

As most people know, about $225 million has been allocated by Congress to deal specifically with dislocated defense workers. About $150 million of that was allocated in 1991 and took over a year for that to begin to spend out, and there was $75 million from the 1993 defense authorization bill was provided to fund another element of this program.

By and large, most of these services are provided by the EDWAA-style programs at the State level. We have no comprehensive evaluation of these programs. There are two elements, however. One is the normal EDWAA allocation of moneys at the State level to dislocated workers and another is a set of demonstration programs put together to deal with the more proactive job loss aversion element. It is the latter that I will focus on more.

But I would like to comment that our data that have been developed from analyzing the 10 years of experience in the EDWAA program indicates that it is exactly the job profile of the dislocated defense worker that is most at risk of having a difficult relocation and readjustment period after a layoff. Their age, their long job tenure, blue collar occupations have increased significantly their likelihood of a long duration of joblessness.

With the Bureau of Labor Statistics projecting $1.3 million additional defense-related layoffs for the next five years, it is evident that we need to target these particular types of workers with a proactive measure to save jobs through an extensive and flexible retraining program that is geared towards linking these job training programs with the real opportunities in the job market.

By and large, our experience with the EDWAA programs indicate that we need to improve our early warning and rapid response efforts. Best results are achieved when services begin immediately at actual terminations or the announcement of terminations, onsite, for single location counseling for workers before they disperse. And this will require significant advance notice of terminations for quick response by firms, local authorities and employee representatives.

Moreover, we need comprehensive services to meet the diverse needs of workers about the—to provide them with information about the benefits and services available.

It is clear that partnerships and coordination are of utmost importance among all affected constituents, and retraining options must be extensive: remedial skills, university programs, community college programs, everything from business start-ups all the way down to advanced credentialing. These are the kind of retraining options, including income support for long-term training.

This is clearly the biggest lack in the EDWAA program based on the evaluations of the Office of Technology Assessment. There needs to be more flexibility and discretion, program allocation, stronger role for the Department of Labor and—ensuring rapid response, streamlined procedures for delivering discretionary programs and a greater role of labor and management in program design and implementation.

In large measure some of these recommendations have been incorporated in the 1991, 1993 legislation for defense industry workers encouraging labor-management participation and speedup in notice of application procedures for the assistance.

Indeed, 30 days after the Defense Secretary submits his budget there is supposed to be notification provided for affected workers. These are the recommendations that come out of the process that has been implemented to date.

Finally, I would like to note that the demonstration programs for the dislocated workers have much to recommend for the whole process of planning to avert job loss. There are several very important demonstration programs underway. I would cite only one, given time constraints.

CALSTART, a high-technology business incubator in Southern California is one project aimed at providing jobs at the end of the retraining pipeline. There are workers involved in this program that are currently employed, 300 at-risk aerospace workers, working in the emerging electronic vehicles industry, and they will train 35 unemployed workers. This is the direct result of a $500,000 Department of Labor demonstration grant to create more proactive measures at job creation and retraining efforts.

There are many other experiences I could comment on from the private sector, conversion efforts, but due to lack of time I will not be addressing that issue.

I would like to say there are several other important initiatives in the State programs aimed at linking up emerging technology investments with job training programs. I cite in particular the California Employment Training Panel program that is looking at electric vehicles, intelligent vehicle highway systems, telecommunications, command and control intelligence systems for mass transit, fuel cells and other technologies. These are, I would argue, are the ways to go about insuring there are job creation efforts linked to the retraining programs.

Thank you, Mr. Chairman.

Chairman WILLIAMS. Thank you.

[The prepared statement of Mr. Bischak follows:]

Prepared by

Greg Bischak and James Raffel

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to appear at this oversight hearing on existing programs designed to help dislocated workers. I will address the specific topic of programs aimed at assisting dislocated defense industry workers currently being affected by the drawdown in defense spending.

I. Overview of Retraining Programs For Displaced Defense Industry Workers

Support and labor market measures for defense workers have traditionally been more or less "generic." At larger defense firms early retirement schemes have played an important role because of the age structure of the defense labor force. For the rest, the government provides normal unemployment benefits in combination with access to the general job placement and retraining services available through the Economic Dislocation and Worker Adjustment Assistance (EDWAA) program.

In total, Congress has allocated roughly $225 million in employment and training assistance to displaced military workers over the last two years. Funding goes to states to provide general services and to individual demonstration grants for new types of assistance projects. Funding of actual projects only began in 1992 even though the $150 million authorized for retraining projects was made available in 1991. There was considerable delay in the transfer of this initial funding from the DoD to the Department of Labor (DoL). Nonetheless, DoL reports that approximately $70.1 million of the original outlay has actually been distributed to projects as of June 30, 1993.

In the 1993 legislation, $75 million was added to EDWAA to assist displaced defense industry workers, but it will take time for this money to be allocated. Services for displaced defense workers have also been provided over recent years through the pre-existing Unemployment Insurance and EDWAA programs.

Firms can use these funds to set up programs for laid off workers if they face a loss of 25 percent or more of their sales or 80 percent or more of their work force as a result of defense cuts. Workers may qualify for JTPA assistance if 100 or more workers are affected as a group and they are deemed eligible under section 325 of the Act. Community organizations are eligible for these EDWAA funds when they face prospective losses of 2,500 jobs within an urban area, or a one percent reduction in defense jobs for urban areas with work forces of less than 250,000 or rural areas with work forces of less than 100,000. Trade unions, States, title III substate grantees, employers and employer associations are eligible to apply for these monies.

Generic Support Services for Displaced Defense Workers

Public programs for the unemployed suffered substantial budget cuts in the 1980s, which may explain the slow pace of allocating new funds to actual programs. The basic unemployment insurance scheme in the U.S.(UI) is operated jointly by federal and state governments. Federal funds from taxes on employers are transferred to the states which also provide funds, set eligibility standards and establish benefit levels. This insurance scheme, always less generous than those offered in most OECD countries, covered only about 40 percent of unemployed workers by the 1980s.[1] Furthermore, it offers very short-term coverage: most workers are covered for only 6 months although some programs allow extended benefits for certain categories of workers and in times of recession. The limited coverage under UI has been a major constraint for workers who want undertake training or more extensive job searches.

State Employment Services (ES) offices manage the UI programs and also provide job search assistance and other services to all categories of unemployed. Workers displaced by plant reductions can utilize these generic services. But most evaluations of ES operations have concluded that these offices are severely over stretched and understaffed and are unable to provide services "tailored to the needs of displaced workers."[2] In recognition of this, Congress created Title III of the Job Training Partnership Act in 1982 and reformed and added funding to this program in 1988 (when it was renamed EDWAA). EDWAA is designated to serve the specific needs of displaced workers. Finally, certain categories of workers including some defense workers have obtained services from the Trade Adjustment Assistance Program (TAA). This is the only program that offers significant income replacement benefits while workers are enrolled in training. It is available for workers unemployed due to trade competition or by changes in federal policy such as defense.

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[1] Office of Technology Assessment, *After the Cold War: Living With Lower Defense Spending*, pp. 74-75.

[2] Ibid., p. 75.

Most employment and training services available to laid off defense industry workers are provided through the EDWAA programs. It is unclear how capable the EDWAA program is in dealing with unique problems of displaced defense workers. These include: the peculiar industrial and occupational composition of the defense labor force, their age profile, and their wage rates. A recently released study of the 1981-1990 period shows that age, long job tenure and blue collar occupation increased significantly the duration joblessness of displaced workers.[3] These are precisely the characteristics of many defense industry workers. Indeed, according to projections made by the Bureau of Labor Statistics, as many as 1.3 million defense industry workers will be affected by defense cut backs over the next four years, with many of the projected job losses concentrated in low growth industries and declining occupations. Hence, pro-active measures to save jobs, as well as extensive and flexible retraining will be required to prevent defense industry workers from facing relatively long periods of unemployment. The basic question confronting policy makers is if EDWAA in its current form can meet this challenge. More specifically, does the program need significant reforms and additional funding to cope effectively with the problems of defense displacement?

Best Practices: Rapid Response and Comprehensive Services

The employment effects of major structural change over the last two decades led to the implementation of programs specifically targeted to displaced workers in most advanced market economies. The relatively long history of many of these efforts has allowed experts to identify a clear set of "best practice" characteristics. The key determinants of effectiveness include:

> **Early Warning and Rapid Response**: Best results are achieved when service delivery begins before actual terminations commence. The most successful programs to aid displaced workers set up a package of employment services on-site or at a single location before workers disperse after the layoff. This requires significant advanced notice of terminations and a quick response by firms, state and local authorities, and employee representatives.
>
> **Comprehensive Services**: Services should be developed which meet the diverse needs of displaced workers. These typically include: individualized counselling

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[3] See Congressional Budget Office, *Displaced Workers: Trends in the 1980s and Implications for the Future*, Washington D.C.: CBO, 1993), pp. 19-20.

about benefits, services, retraining options; provision of information about job openings; funding and support services for small business start-ups; and on-site space and material for job clubs or other job search mechanisms. These have often included unorthodox approaches such as providing consulting and business planning services for employee ownership buyouts, or other measures to retain employment at a specific establishment .

Partnerships and Coordination: Quality programs have involved a high degree of coordination between government employment offices, labor representatives, enterprise management, and local educational and training institutions. Effectiveness is measurably enhanced when these actors work together to shape and reshape programs to improve placement rates in new jobs or training institutions.

Extensive Retraining Options: Effective placement of unemployed workers into training programs also requires special attention to the diverse needs of affected workers. The best programs involve individuals in establishing their training needs and preferences. A wide range of training options must be identified. These can range from remedial skills training, to university programs, to programs on how to start a business. Also the most effective programs in terms of placement rates and income levels are those which provide some income support for workers enrolled in training programs.

In the early to mid-1980s the Title III program had limited success. There were some effective programs in selected states, but the funding and coverage of the program was too small. Over the 1985-1989 years approximately 9.2 million workers were displaced by plant closures or cutbacks and Title III programs were reaching only about 6 percent of eligible workers.[4] Also because the program was run by the individual states, there was a huge disparity in quality across the country. Some states such as Colorado offered highly effective programs, while other states barely provided any specialized services. Furthermore, the effectiveness of EDWAA, and the more comprehensive TAA program were hampered by poor monitoring of the private training and placement firms who acted as local contracting agents.

Over the last three years the performance of the EDWAA program has improved as funding levels more than doubled between 1989 to 1992. However, in terms of meeting the best practice criteria outlined above, performance remains extremely uneven. Perhaps most shocking is that no comprehensive evaluation of EDWAA has been made, so it is unclear to what extent the program is meeting its objectives.[5] A just completed evaluation of the TAA program finds little evidence that the program increased average earnings or the likelihood of participants being employed.[6] Several specific problems have plagued these programs.

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[4] Ibid., p. 77.

Effective early response to terminations has traditionally been hampered by the lack of any U.S. law mandating pre-notification in cases of mass layoffs. The WARN provisions, implemented in 1989, partially remedied this situation. It requires companies with 100 or more employees to give 60 days pre-notification of planned layoffs above certain thresholds. Despite certain problems, the WARN improved the early response capabilities of the EDWAA program as a whole. The uneven response performance among states, however, remains a major problem.[7] The OTA studied the performance of EDWAA in the case of 21 military related mass layoffs. The study revealed that in only seven cases were EDWAA services available before layoffs began.[8]

In terms of the other criteria, EDWAA performance has also been quite mixed.The services offered are often inflexible because EDWAA requires 50 percent of funding to be allocated to traditional training activities. The use of the Service Delivery Areas (a local organization of public and non-profit groups managing the program in a given region) as the sub-state entity managing individual programs has also been criticized. These groups also manage programs for disadvantaged youth and adults which are often higher on their agenda. Moreover, use of SDAs precludes more involved program management by labor-management committees.

The OTA made a series of recommendations to improve EDWAA. Among other things they argued for: more flexibility and discretion in program allocations; a stronger role for the Department of Labor in ensuring rapid response and other best practice was consistently applied across states; a more streamlined procedure for receiving discretionary funds; and a greater role for labor and management in program design and implementation.[9] They also suggested that funds be allocated through other DoL programs to encourage the retraining of still active defense workers in new skills required for civilian production.

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[5] See Congressional Budget Office, *Displaced Workers: Trends in the 1980s and Implications For the Future*, p. 32.

[6] Ibid., p. 38.

[7] The OTA reports that in one study of 15 states only 5 had rapid response procedures that were well established and working well. See Ibid., p. 79.

[8] Ibid., pp. 79-81.

Some attempts were made in both the 1991 and 1993 legislation for defense industry workers to address the performance problems of EDWAA. The legislation seeks to speed up application and response time for EDWAA transfers, it requires the DoD to notify firms affected by defense cuts of possible contract terminations, and it encourages projects by labor-management committees. Thus far the rapid response provisions have been partially blunted by the tardy transfer of funds out of the DoD.

Prenotification Requirements Under the 1993 Defense Authorization Act

Under the 1993 Defense Authorization Act the Defense Secretary was to provide notice to contractors of programs likely to be terminated or substantially reduced 30 days after the President submits his budget to Congress. In turn, the contractors were to notify workers two weeks later, who were then eligible for certain benefits under the Job Training Partnership Act. Once Congress passed the budget appropriations in the late summer, the Defense Department would provide final notification to the affected contractors.

Congress had hoped that by providing contractors and workers with sufficient advance notification of impending cuts, the affected defense firms and communities could act to promote conversion and minimize the resulting dislocation. DoD has been slow in implementing this requirement. However, by establishing this early notification system a critical warning process is initiated before Congress appropriates money for the defense bill.

Administrative action by the DoD is narrowing the statutory requirements to notify affected contractors. Provisions of Section 4219 of the 1993 Defense Authorization Act require DoD to notify those contractors threatened with a reduction of 10 percent of their prior year's contracts for a particular program (or $5 million cut, whichever was greater). The Undersecretary of Defense for Acquisition, John M. Deutch have indicated that the DoD will only provide notice for cuts of 25 percent or more.

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[9] Ibid., pp. 78-89.

Raising the threshold for notification from 10 percent to 25 percent is no small detail since it means that thousands more workers will not be notified. A memo prepared by the Office of Undersecretary of Defense for Acquisition indicates that as many as 82 major weapon system procurement programs may be cut by 25 percent or more; no comparable calculations were made public for the ten percent figure.

Our calculations reveal several significant contract reductions among major defense contractors that would fall below the 25 percent threshold. For example, the DDG-51 Destroyer, produced by Bath Iron Works in Maine, will be cut by about 18 percent, the Air Force's F-22 ATF aircraft will be cut by nearly 17 percent and the troubled C-17 cargo jet will be cut by nearly 16 percent. Meanwhile the upgrades on the F-16s for the Air National Guard will be trimmed by 11 percent. There can be little doubt that a complete list starting at the 10 percent threshold would double or triple the number of contractors and subcontractors that would have to be notified.

The DoD and Congress are likely opting for the higher threshold in order to reduce the bureaucratic requirements for the Defense Department. However, while this might make DoD's job easier, it makes conversion planning more difficult for the affected contractors and workers.

With the prospect of an additional 150,000 defense industry workers affected this year by cuts, and perhaps another 200,000 next year, a key concern is getting early notification to workers and communities. Some defense contractors have argued that further prenotification requirements are unnecessary because most people know that the writing is already on the wall. Indeed, each year the Pentagon projects spending for each major weapon system over the next few years, which allows the contractors to adjust their plans accordingly. However, this informal process has failed to initiate any significant efforts to promote job retention through conversion. Usually the workers and communities only hear about Pentagon plans after the pink slips are handed out.

However, by initiating a formal prenotification process at the beginning of the budgetary cycle, many workers and communities will be in a better position to get early intervention programs into place for workers and communities to adjust and to promote conversion efforts. As the table of selected major weapon systems cuts makes apparent, the regional distribution of contract dollars can be determined in advance, thereby providing businesses, workers and community leaders and planners with critical information necessary to launch timely job retention and business development efforts (see appendix).

II. DoL Demonstration Programs for Retraining Defense Workers

Direct conversion projects are also funded through a special discretionary program outside of EDWAA. Several very interesting demonstration projects have been started with money from the 1991 legislation. More recently, the next round of demonstration grants request for proposals has gone out and applications are due by August 2nd of this year.

Four examples out the 12 demonstration projects so far funded are profiled here.[10]

- CALSTART, a high tech business incubator in Southern California is one project involving workers not yet laid off. This is a $1.8 million effort led by the firm Amerigon, together with state and local governments, other corporations and the International Association of Machinists which will train 35 unemployed workers and retrain 300 current aerospace workers for jobs in the emerging electric vehicle industry. The project received $500,000 in DoL demonstration grant money to develop this retraining effort through the Verdugo Private Industry Council in Glendale, California.

- In hard hit St. Louis Missouri, County government received a $500,000 grant that will offer customized worker retraining programs for managers and workers at small defense dependant manufacturing firms. This pro-active program will seek to "convey the skills and business orientation necessary for the firms to survive." Another St. Louis program is using a $123,000 EDWAA grant to help displaced McDonnell-Douglas engineers start small businesses.

- Another demonstration grant went to a local group to assist Sargent Controls, a firm which engineers and manufactures components for the recently cancelled Seawolf submarine. This Tucson, Arizona based company is totally dependent on its Seawolf contract. The grant of $325,000 will be used by the firm to establish a marketing department, adapt new quality control and packaging operations, and to retrain management and engineers in commercial specifications and documentation.

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[10] These cases are taken from, *The New Economy*, Fall 1992, pp. 6-7. *The New Economy* is published quarterly by the National Commission for Economic Conversion and Disarmament, Washington, D.C.

- The Pennsylvania Department of Labor obtained a $460,000 grant to develop an early response program to aid the 11,000 workers due to be laid off at the Philadelphia Naval Base and Shipyard in late 1993. The project will "use the time prior to the layoffs to develop an employee skills inventory and occupational assessment; develop a comprehensive training plan and establish a community based task force to oversee implementation of the program."

One interesting feature of these small projects is the new emphasis on pro-active efforts to retain active workers by enhancing the conversion prospects of firms. Another advance is the focus of these efforts on the unique characteristics of the military production labor force. It is too early to evaluate the success of these pilot projects. It can only be hoped that innovations will continue and that successful early experiences will be quickly disseminated as best practice.

III. Corporate Civilian Diversification Efforts

Corporate civilian diversification strategies are actually more prevalent than widely believed. According to a report of a survey conducted by the Winbridge Group of Cambridge, Massachusetts of over 1,100 senior defense executives, 71 percent of the 148 respondents said they were studying the feasibility of commercializing defense technologies. Over one-third of the firms indicated that they had actually commercialized a defense technology. And 81 percent of those firms that did commercialize defense technologies indicated that they had brought the new product to market within two years. However, many other firms reported that they were not pursuing commercialization strategies because of the familiar barriers to moving into civilian work: the defense business fosters high-cost, high-performance management and engineering requirements which create obstacles for making defense technologies commercially viable; the firms lack the appropriate staff for commercial work, particularly in marketing; and the efforts by others firms to commercialize were discouraging.[11]

For firms actively engaged in internal or external diversification efforts, however, there are few cases where this has lead to large-scale job retention. Indeed, in most cases, these efforts do not create jobs for defense workers, especially when the firm seeks to acquire a commercial firm to diversify its product mix and sales.

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[11] *The Commercialization of Defense Technology: A Survey of Industry Experience*, prepared by the Winbridge Group Inc. for DRI/McGraw Hill Inc. and the Fraser Group Inc., Nov. 1991, p. 2.

General Electric is an example of a top-five contractor which historically received over 85 percent of its revenue from non-military corporate divisions. In the face of military cutbacks it is re-channeling investment into its more promising commercial divisions. GE restructured and then sold off its main military division, GE Aerospace. Such internal diversification does not normally create alternative employment for workers laid off at a firm's military divisions. The firm cut 10,000 from the payrolls of GE Aerospace before selling the division off to Martin Marietta in 1992.[12]

Some firms such as Lockheed and Martin Marietta have had some success in expanding into closely related civilian government markets. Martin Marietta, for example, has focused on applying its C^3I technology to systems it is selling to civilian government agencies. It was recently granted the role of lead contractor in the Federal Aviation Administration's $16 billion program to remodel U.S. commercial air traffic control systems.[13] It is unclear if defense division workers are being shifted into Martin Marietta's new civilian operations or if this effort involves actual conversion of military production facilities.

Hughes Aircraft, a top-ten defense contractor is making a systematic effort to use its technology and the skills of former military division employees to enter new civilian market areas. Its largest foray is into technology for production of electric cars by its parent General Motors. In the next two years the company hopes to move from having 80 percent of its sales coming from defense to a defence dependency of 50 percent.[14] It is noteworthy that both the state and federal governments are important actors in stimulating electric car development through both regulatory requirements and R&D support. However, Hughes has currently set up more than 50 diversification projects and several have begun to turn a profit.[15]

Westinghouse Electric Corporation's Electronic Systems division has set a goal of achieving 50 percent of its revenues from non-defense work by 1995. It began its diversification efforts in 1989 and now reports that it has developed five separate non-defense projects which employs over one-fourth of the division's workforce. These diversification projects involve commercial applications of ground, air and radar surveillance technologies, transportation automation, electronic controls for security, electric vehicle propulsion, and bar-code mail processing. These efforts attracted a great deal of attention on May 11, 1991 when President Clinton chose the Westinghouse facility in Linthicum, Maryland to unveil his national conversion plan. Despite this initial success in diversifying its defense division, the company has laid off 1,400 defense workers in 1992.[16]

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[12] See Ibid., OTA, pp. 198 and *The New York Times*, p. 6.

[13] Ibid., OTA, p. 203.

[14] See National Commission for Economic Conversion and Disarmament, *Successful Conversion Experiences*, Washington D.C., 1992.

[15] See, "Mike Armstrong's Leap of Faith," *Business Week*, March 9, 1992, pp. 58-59.

These cases suggests that the most promising opportunities for certain large military-oriented firms are in civilian government markets. The experience of military firms in designing and integrating large systems, and their expertise in bidding and carrying out government contracts, makes them competitive in many public R&D and infrastructure markets. Such markets, involving large complex projects and multi-year contracts, are more predictable and less subject to domestic and international competitive pressures than purely private markets. Yet, the shortcoming of these strategies has been the lack of job creation and the persistence of mass lay offs among defense industry workers.

Civilian Conversion Strategies

The strategy which holds the most promise of retaining employment for military workers at specific locations is conversion to civilian production through new investment or spin-off. Generally a firm can increase its civilian orientation in a number of ways including:

- Expansion of existing civilian production;
- Development of civilian variants of military products or components;
- Development of new civilian products out of military technologies;
- Development of entirely new civilian products.[17]

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[16] See "Companies in Profile" in *IEEE Spectrum* Special Issue on Conversion, December, 1992, p. 42.

[17] See Michael Renner, *Economic Adjustment After the Cold War: Strategies for Conversion* (Geneva: United Nations Institute for Disarmament Research, 1992), p. 29.

Conversion within existing defense-serving establishments is actually a fairly common phenomenon among smaller, less specialized, firms in the subcontracting chain. Small machine shops, producers of more generic components and certain small business service and computer software companies often find it possible to replace defense work with new sales to civilian customers.

A number of firms such as Textron Aerostructures of Tennessee, A.M. General in Indiana, Air Industries and Frisby Airborne Hydraulics in New York, and Curtis Universal Joint of Massachusetts have adapted existing products or developed new products to expand civilian business.[18]

Through the 1980s, the **Curtis Universal Joint Company** of Springfield Massachusetts sold most of its universal joints--an energy transmission device--to the military.[19] After the firm modified its production process and modernized its facility during 1989-90, however, costs decreased and quality increased. During the restructuring, it was discovered that much of the firm's machinery--including its machine tools--could be adapted to produce a commercially viable product. As a result the firm has expanded its commercial sales to compensate for declining military sales.

In 1985, **Frisby Airborne Hydraulics** did 90 percent of its business with the Pentagon and military-firms. Five years later, this figure was reduced to 20 percent.[20] The firm's restructuring, which included establishing complete participative management in production and eliminating one layer of management, was accomplished without laying off any workers.

Between 1988 and 1991, **Textron Aerostructures** of Nashville, Tennessee, a maker of airplane wings, turned an 80-20 percent dependence on military contracts into a 20-80 percent modest dependence. Management assigns a portion of the credit for the success of the transition to employee involvement in the necessary changes in accounting procedures and design. The company's loss of defense contracts led to significant lay-offs: the union work force fell from a peak of 5,400 to its current level of 1,200 employees. In addition to supporting the case for conversion, therefore, this example is also a cautionary tale, demonstrating the importance of advanced planning to avert layoffs.[21]

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[18] See National Commission for Economic Conversion and Disarmament, "*Successful Conversion Experiences*, Washington D.C., 1992, p. 7-10.

[19] Dr. Frank Emspak, "Clearing Obstacles to Conversion: A Process Driven Model for Economic Conversion," paper presented at the American Academy of Arts and Sciences, September 10-11, 1990

[20] "CEO Reports Conversion Success Story," *The New Economy*, October 1990, p. 3.

In the mid 1980s, **Air Industries** of Bay Shore New York sold 80 percent of its products to several military contractors, including Grumman, Fairchild Republic and Sikorsky. By 1991, 80 percent of the company's business had become commercial, "much of it for Boeing Co.'s fleet of passenger planes," according to *New York Newsday*. Although profit margins for commercial contracts are lower than for military contracts, the company remains prosperous. Recently the state's Job Development Agency loaned the company $720,000 to expand its production facilities. They expect to hire an additional 35 to 40 workers as a result.[22]

The **AM General** facility in Mishawauka, Indiana is the manufacturer of the "Hummer" off-road vehicle made famous by the Gulf War. As part of its strategy for breaking out of its dependence on defense contracts, the company has begun adapting the Hummer for use as fire trucks and ambulances in remote areas, where the vehicles' air-and water-tight bodies will be useful negotiating bad roads. Worker participation in both the production and testing processes are credited with saving hundreds of hours and substantially cutting costs. In addition it has prevented further layoffs and may create new jobs. Now the company has announced plans to produce an off-road recreational vehicle for the domestic civilian market.

One medium-sized company, **M/A-COM Inc.** of Wakefield, Massachusetts illustrates the greater flexibility among subcontractors. M/A-COM produced defense electronics equipment, supplying microwave and RF components and connectors for the military, and it was 90 percent dependent on military contracts in the late 1980s. But since the downturn in defense spending, the company has moved to aggressively convert to civilian fields where it has strong technological competence such as telecommunications and cellular systems, commercial radar, and navigation systems. Success has come fast, with new markets in cellar communication growing the fastest.[23]

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[21] "TQM, Discipline, Helps Textron Aerostructures Go Commercial," *Aerospace Daily*, August 13, 1991; ECD interview October 1991.

[22] James Bernstein, "A Switch in Gears," *New York Newsday*, November 1, 1991, p. 53.

While commercialization has worked for certain small to medium-sized firms, recessionary conditions have severely constrained civilian market opportunities. While many of these cases of conversion by small and medium-sized firms have succeeded in dramatically reducing the companies defense dependency, they have, by and large, been able to only re-employ a fraction of their work force in civilian activities.

Another channel to convert the skills and technology of military workers and enterprises to civilian work is through employee-management buy-outs or other mechanisms to spin-off new small firms from the parent enterprise or company. The spin-off of small firms using technology developed under military contract for civilian applications may not necessarily use existing equipment or facilities. But there are numerous instances where new small firms have grown and created new employment in a region by commercializing defense related technologies. For example, it is estimated that over 50 small businesses have recently grown up in the region surrounding the Hanford nuclear weapons facility in Washington State drawing on technologies first developed within the Hanford complex.[24]

Lessons from Corporate Experiences

The examples of corporate efforts to move out defense and into commercial opportunities suggest certain clear lessons. First, firms must develop a corporate strategic plan which identifies the technological opportunities in fields that they are familiar and in which they may possess certain market advantages. Second, they should cultivate civilian marketing capabilities through either consultants, joint ventures or acquisitions. Cross-licensing agreements is yet another way that firms might develop marketing and technological partnerships. Third, and perhaps most importantly, the firms must learn how to control costs and increase quality controls consistent with civilian market demands. Of particular importance is the need to retrain engineers to meet the cost and quality requirements of commercial markets. Meanwhile, managers used to dealing with only one client, namely the Pentagon, must undergo a thorough retraining to learn how to deal with many customers. Finally, involvement of the workforce in the continuous improvements of the manufacturing and services connected to the firms' production and service operations are necessary to compete in the international market. Arguably, the failure of many corporations to engage the skills of their work force in the conversion is a principal factor contributing the large-scale lay offs within military industry.

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[23] See "Companies in Profile" in *IEEE Spectrum* Special Issue on Conversion, December, 1992, p. 42.

[24] See Myerson, Oden, Paridis and Wilson, *Partnerships: The Key to Job Creation*, (Paris: OECD/ILE, 1992), p. 81.

IV. State Programs Linking Retraining and Economic Development

Sometime this fall, the Clinton Administration is expected to announce its plan to reform the nation's job training programs. Many of the changes under consideration—including providing income support, wage supplements and relocation allowances—would encourage workers to seek the long term training they may need to find employment in an economy undergoing structural change. Yet policymakers should also consider incorporating provisions of successful state programs for dislocated workers into the federal effort. Unlike the federal Job Training Partnership Act, California's job training program has a proven track record of providing assistance to dislocated workers *before* they are laid off. Several states, including Texas, have incorporated elements of the California program. In addition, California recently launched a sophisticated industrial planning effort that seeks to use state investments in transportation and infrastructure to *create* jobs. Finally, a new report detailing the experiences of workers at a Unisys plant in New Jersey underscores the importance of reforming federal programs.

California

California's highly regarded state retraining program, the Employment Training Panel (ETP) emphasizes training dislocated workers as opposed to the chronically unemployed or unskilled. Although the California economy has been hard hit by defense layoffs since the end of the cold war, ETP nonetheless made a substantial contribution toward insuring the state's prosperity. The agency estimates that its programs led to an estimated $485 million increase in productivity during program year 1989-90, which is equal to $7.00 in economic benefit to the state for each dollar of ETP funds invested in training. Workers benefitted as well. Of the 40,000 workers participating in ETP programs during FY 1991-92, most (35,000) were already employed, but were at risk of being laid off. Unemployed workers who completed the program made, on average, $7,400 more the year following training as compared to their previous wage, according to ETP figures. At-risk workers completing the program, on average, made $1,600 more the following year.

ETP presently has several conversion-related aerospace projects underway. Agency documents lists one project involving workers not yet laid off: a $1.8 million effort led by Amerigon around the CALSTART initiative. This project will train 35 unemployed workers and retrain 300 current aerospace workers for jobs in the emerging electric vehicle industry. ETP is also involved in *The California Supplier Improvement Program*, which is moving beyond its initial focus of providing training for small- to medium-sized aerospace subcontractors to include companies involved with transportation, electronics, communications and biotechnology manufacturing.

ETP is financed by the state's Employment Training Tax: each private, for-profit employer in the state pays one-tenth of one percent of the first $7,000 in wages of each employee subject to unemployment insurance taxation. Approximately $88.8 million is available for training for FY 1992-93, a $6.2 million increase over the previous year. ETP awards contracts to businesses subject to the Employment Training Tax, as well as to employers consortia, training agencies, unions, private industry councils and other entities to train workers; the agency itself does not operate these programs. If workers participating in training programs are represented by a union, or if these workers are training for jobs covered by a collective bargaining agreement, ETP requires that the union be involved in planning the training program and sign the training contract.

For a worker to be eligible for an ETP program, the application must demonstrate that a job actually exists to be filled after training is concluded. The program requires the workers to land a job using the new skills and hold it for at least 90 days; otherwise the contractor is not paid. ETP often works with the state's Employment Development Department's Labor Market Information Department, local Economic Development Corporations and Community Colleges to survey the needs of local businesses that could employ retrained workers. Yet in a recession, where few new employment opportunities are likely to exist, *public investment becomes critical to job creation.*

The California Council on Science and Technology: Project California

ETP's annual report says that "attract[ing] and retain[ing] businesses," is part of its economic development efforts; the agency itself does not invest funds to create jobs. According to ETP staffers, however, the agency has worked with a state entity charged with that mission: the California Council on Science and Technology's *Project California*.

Project California, which began operations in June 1992, is presently developing a strategy to use the $200 billion California will invest over the next twenty years in its transportation infrastructure to create jobs in the state's advanced transportation and related telecommunications industries. Project California also expects related regulatory initiatives, particularly around air quality standards, to shape these emerging markets and industries.

Project California recently identified more than 700 advanced transportation technologies. After factoring out technologies already widely available, Project California organized the remaining technologies into 24 groups that could form the basis for an individual firm. A market assessment analyzing current and future demand in the years 2000 and 2010 was then prepared for each of these technologies; because the market for most of these technologies presently is uncertain, the survey considered optimistic, conservative and base scenarios. At the same time, Project California sponsored studies considering the resources already existing in the state that could support these new industries. The systems integration capabilities of the state's defense contractors was one of several factors considered. This research agenda yielded an estimate of the market share California firms could realistically attain in these new industries. The final research project was to estimate job creation potential of each of these new businesses.

Project California decided to promote six technologies—Electric Vehicles, Intelligent Vehicle Highway Systems, advanced telecommunications, Command, Control, Communications and Intelligence systems for mass transit, Magnetic Levitation trains, and research and development into transportation fuel cells. These technologies were selected because resources already exist in the state that could promote the success development of these new industries. Potentially significant demand exists for all of these technologies, another fact that determined Project California's selections. Finally, Project California's research found that these industries already employ 70,000 people in California. While that figure could increase to 200,000 jobs by 2010 without any action, Project California believes that with proper planning, these industries could generate 400,000 new jobs in California. According to Project California, "the difference in jobs would be most pronounced in the manufacturing sectors."

ETP has conducted studies regarding potential training needs of these new industries, according to agency officials. Although many details remain to be worked out, California appears to be moving towards linking worker retraining programs with a long-term economic development strategy that would generate substantial employment opportunities.

Project California has 26 Select Panel members from labor, business, industry, academe and government. The California Conference of Machinists and the United Auto Workers, along with Lockheed, Hughes and Rohr are members of the panel. In February 1993, Project California sponsored focus groups to determine specific actions that would foster development of each of the industries and related technologies slated for support. The work of these focus groups is continuing.

•Texas

The *Smart Jobs Fund Program*, which will take effect on September 1, 1993, appears to borrow many of the practices established by ETP, although the regulations governing the program have yet to be completed. The Texas program will offer matching grants to companies interested in retraining both new workers and those at risk of being laid off. Companies establishing operations in Texas are also eligible to participate in this program, according to Carolyn Smith, an official at the Texas Department of Commerce. Smith adds that the program will give priority to applications involving training for high skill, high paying jobs. An information circular reports that the program will offer "special assistance to finance the conversion necessary to implement workplace innovation training for Texas companies losing defense-industry contracts," through "direct grants for defense industry suppliers and vendors." The State's Department of Commerce will run the program. Like ETP, the program will be funded by diverting one-tenth of one percent from the state's Unemployment Insurance Tax fund. The state ultimately expects $50 million to be available for training. Draft regulations detailing how the program will operate are expected to be released in June, 1993. The state's previous job training program, *The Work Force Development Incentive Program*, received $1.89 million annually from the legislature which, during PY 1992 was fully allocated within a month, according to documents supplied by the state.

•New Jersey

A forthcoming study by the Project on Regional and Industrial Economics (PRIE) at Rutgers University, *Retraining for What? Displaced Defense Workers Come Up Against EDWAA*, highlights the need for reforming the nation's job training programs. The study, which was prepared by Elizabeth Mueller and other PRIE researchers, considers the fate of 650 New Jersey workers who received a lay off notice from Unisys in December 1991. The report found that the state failed to provide these workers with adequate rapid response services, although efforts to provide services were complicated by the fact that the workers were not unionized. Although the workers eventually qualified for Trade Adjustment Assistance on their own initiative, the PRIE study found that the training providers offered inappropriate or inadequate services and programs. Overall, the study found that workers were not well served by DoL's overregulated funding procedures or by the lack of regulations covering service providers receiving these funds. The study also recommends expanding the prenotification requirements of the Worker Adjustment and Retraining Notification Act, streamlining DoL procedures for approving discretionary grants, reviewing the formula basis upon which most EDWAA funds are allocated to states and establishing "links to more direct efforts to develop new jobs."

- *Missouri*

Last November, the St. Louis Economic Council received a $500,000 demonstration grant through the Labor Department's *Defense Conversion Adjustment Program* to help defense-dependent business develop "the skills and business orientation necessary" to survive the downturn in defense spending and to offer customized retraining programs to workers. According to Dennis Coleman, the Council has used these funds to hire two full-time staff people who are selecting consultants with appropriate services and expertise to help businesses with the restructuring. Mr. Coleman estimates the Council, which administers the EDWAA program in Missouri, will be able to offer assistance to approximately 40 to 50 businesses, about half of which will receive more intense assistance.

The Council has also offered retraining services to the 14,000 workers laid off by McDonnell-Douglas since June 1990, Coleman added. The Council has tracked 10,000 of these workers and found that approximately two-thirds have been reemployed. Of the reemployed workers, two-thirds found jobs paying about the same salary as their previous employment, most (93 percent) remained in the St. Louis area, and two-thirds found work outside of the defense industry primarily in the fields of generic engineering, biomedical technologies and the chemical industry. Long-time MD production workers have had the most trouble finding new work, according to the study.

The Labor Department's EDWAA title III program financed most of the retraining for these workers, according to Mr. Coleman, although he added that McDonnell Douglas invested $2 million in cash and goods and services to support the program.

V. Recommendations

The success of future employment and training programs for defense industry workers will depend crucially on speeding up the transfer of funds by streamlining the application and dispersal process. One advance in the latest Clinton proposal is that all funds bypass the DoD and are managed directly by the Department of Labor. The administration proposes to target an average of $400 million to retraining of defense workers over the next four years, a substantial increase over current levels. The displacement of up to 1.4 million military industry workers estimated over the next five years under the Clinton plan, added to the large numbers being displaced in other industries, will force policy makers to consider a major recommitment to more active and comprehensive employment and training policies.

Because many defense workers will need extensive retraining to enter quite different occupations, extended support for long term training and stipends and loans for college tuition might be considered. Efforts might also focus on developing support mechanisms for employee buyouts, and other mechanisms to allow employees to carry out market driven conversion and diversification of establishments even when such efforts are not supported by the parent corporation. Some 9,900 firms in the U.S. have some form of employee ownership. The record of firms that have been subject to such buyouts has been quite good in the U.S.[25] Supporting such buyouts with technical assistance, seed and venture capital access, and tailored training and technology assistance could significantly increase job retention in certain defense oriented facilities.

Early notification of workers provides an opportunity for proactive planning to avert job loss by applying job training and economic development monies to market feasibility studies, new product development and job creation efforts. Such an innovative use of programs *before* the cuts occur allows a longer planning horizon for firms, workers and communities affected by proposed cuts. Yet, for this happen the DoD must effectively implement the prenotification program. Moreover, ratcheting up the threshold for prenotification only withholds information from those most affected by the cuts. It is up to conversion activists and community leaders to ensure that this early intervention process is implemented. Finally, the Secretaries of Labor and Defense would do well to aggressively implement the early intervention program through generous use of the demonstration grants under the defense displaced worker program and the technical planning grants for communities before cuts occur. Further foot dragging will only cost the nation another opportunity to avert job losses through conversion.

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[25] See, for example, Marie Howland, *Plant Closings and Worker Displacement: The Regional Issues*, (Kalamazoo, MI.: Upjohn Institute for Employment Research, 1988).

Appendix 1

Selected Examples
Proposed Cuts in Major Weapons Systems for FY 1994 Procurement Budget

Weapons Systems	Contractors	Locations	$ and % Cut Approp. vs. Req. (FY '93 vs. FY'94)	
AH-64 Apache Helicopter	McDonnell Douglas General Electric	Mesa, AZ Lynn, MA	$130m	-88%
EA-6B Prowler Aircraft	Grumman United Tech.	Bethpage, NY Hartford, CT	$292m	-60.5%
E-8A JSTARS	Grumman	Melbourne, FL	$157m	-30.7%
B-2 Stealth Bomber	Northrop General Electric	Pico Rivera, CA Evendale, OH	$2,048m	-77.3%
AEO Fast Support Ship	NASSCO	San Diego, CA	$300m	-100%
MLRS Rocket Launcher	Loral Vought	Dallas, TX	$234m	-91%
C-130H Aircraft	Lockheed	Marietta, GA	$246	-81.9%
Advanced Cruise Missile	Hughes McDonnell Douglas	San Diego, CA Titusville, FL	$51m	-40%
DDG-51 Aegis Destroyer	Bath Iron Works,	Bath, ME	$608	-18%
V-22 Osprey Aircraft	Textron/Bell Boeing-Vertol GM/Allison	Dallas-Ft. Worth Philadelphia, PA Indianapolis, IN	$636	-89%
F-22 ATF Aircraft	Lockheed Boeing Pratt&Whitney	Dallas-Ft.Worth Seattle Palm Beach, FL	$327	-17%

Source: ECD calculations based on a comparison of the defense appropriations for 1993 with the President's defense budget request for 1994. Data taken from the *1993 Defense Appropriations Conference Report*, a Memorandum by John Deutch, Undersecretary of Defense, May 20, 1993 and *Program Acquisition Costs by Weapon System for FY 1994*.

Chairman **Williams**. Our next witness is Mr. Al Starr, who is Executive Director of the King County Private Industry Council. Those of you not from the west, King County is Seattle.

It is nice to see you here.

STATEMENT OF AL STARR, EXECUTIVE DIRECTOR, SEATTLE/KING COUNTY PRIVATE INDUSTRY COUNCIL, SEATTLE, WASHINGTON

Mr. **Starr**. Thank you, Mr. Chairman.

People in King County do not believe that is true, especially people working in Redmond with MicroSoft.

Chairman **Williams**. Mike Lowry told me that.

Mr. **Starr**. I don't think he believes it anymore, although it had a great deal to do with his present employment.

My testimony and comments will be a little different than what you heard before. I operate an EDWAA program with National Reserve Grants, so my comments may be more nuts and bolts and mundane than what you have heard previously. I think the difference may be of interest to you.

You asked a series of questions. One I won't dwell on is simply the level of funding for these programs.

I would just like to remind you that in an area of my size, 1.3 or 1.4 million people in our county, a large labor market, last year with the former grants of EDWAA we had a half million dollar grant. In that same time period, there were 12,000 laid-off workers that we knew about through the WARN system, and I have no idea how many others were below the WARN threshold. I would suggest a half million dollars for that type of magnitude is something to know.

We have had a very healthy economy the last several years based on the success of the aerospace industry up until a year ago, and we will be faced with 12,000 to 15,000 layoffs in the Boeing Company. The last are occurring now. They will occur throughout the year and next year. Boeing has been very responsible about the layoffs, and they are staggering them the best they can.

Our unemployment rate will be driven up, and it could approach double digits, though I certainly hope not.

You asked about the elements of a successful program, and we try to define in the short-term what those are. In the testimony we describe that.

We believe we serve a lot of dislocated workers, and we do that one person at a time. I think it is really important. You can't approach in a mass approach with people working. They have been laid off, and they have all kinds of needs and disabilities that they have. We believe you have to do thorough discussions with properly well-trained case managers or counselors.

We have to develop case-management systems that do that. A training plan for dislocated workers has to be developed with the client. You use the client to develop his own plan, to shop around for schools. Those things are essential. And then comes agreement with the case manager who becomes a broker for putting that person into school then.

It is because we believe so strongly around an individual approach to dealing with dislocated workers that I mentioned in the testimony that I have real questions about vouchering programs which would provide a dislocated worker with information in the labor market and have him shop for himself around for schools and see what training that person could need.

I think that is asking a lot for a displaced worker. I think you need to have professional staff assist in that and it is really to broker with schools. We see a lot of examples, and Boeing is one. They have a $2,000 stipend for machinists that were laid off. They end up in schools and in courses totally inappropriate to their needs because they are fearful and want to do something quickly.

I think there is a lot of false economy in doing that. You cannot—people are just not well-served by that kind of an approach.

We have hundreds and hundreds of boilermakers laid off from the shipyards in our area, and it is strange. Some of the community colleges and technical schools are promoting welding as a course for them to get into when we have this dislocation of people who do welding for a living. But you have to be careful. That's why we believe in a rather staff-intensive effort with a displaced worker.

You asked about recommendations for changes in these systems. One, even within EDWAA the eligibility for the program is terribly confusing for all of us. There are different standards based on different situations and different layoffs, whether it is a large closure, a substantial closure or small closure.

And I don't want to get into the details, but the whole eligibility question seems to be based on blame, the causation of the dislocation rather than the needs of the workers. I think you ought to take time and look at that. It is not a legislative issue, but it would be well to look at the way EDWAA interprets the laws as well as the States.

If you look at this system—I am running out of time, and I will be quick.

I want to talk about the connection between unemployment insurance and extended unemployment insurance and EDWAA programs. Everybody knows that many dislocated workers need long-term training. That is tied to directly the length of time that they have.

We are getting more displaced workers into longer programs because of UI extensions. UI extensions are critical if you want to put displaced workers and middle-income people into retraining programs because, without it, they need short-term training. Otherwise, they can't afford to support themselves.

I would encourage you to continue the system's National Reserve Grants. We strongly support that. I think the Labor Department ought to be encouraged about being more timely with the disposition of those in the period of approvals and modifications. These are sensitive dislocations with large closures, and the time it takes to get a reserve grant approved and everything and in place means months have passed, and we have lost a lot of ability to respond rapidly. There could be some tightening up.

One thing, we could have the Labor Department provide more authority to the regional office. It is not very centralized, and it could be more expeditious if the local office had more authority.

EDWAA does not mandate quality assessment and mandate the training plan for individuals as does Title II. You all did very good work in the amendments to Title II around mandating elements of the surface strategy. That is not mandated in EDWAA, and I think you ought to consider that. You have to have quality assessment quality and plans for the client, and most programs do it now, but it is certainly not mandated in the statute.

There is some confusion around definitions, because they come up when we go to rapid response meetings with employers. It is hard to know if they will be eligible for the program, based on the differing standards of what constitutes a warning notice of 50. And the regulation says, to be eligible you have to have 50 layoffs constituting a third of the workforce. So it is confusing when we talk about the UI benefits and EDWAA eligibility if we don't know if they will be eligible as a group.

I want to spend a second on rapid response. It never is clear to me as a local practitioner why you saw fit to provide 40 percent of the EDWAA allocation to States for rapid response activities. Worker dislocations take place in local areas. What happens now is we have the State dislocated worker unit who comes and introduces the employer to us and the UI people and other practitioners, and that is about all they can provide because we have the resources. That seems to be a waste of really badly needed resources.

I thank you for your time.

Chairman WILLIAMS. Thank you very much.

[The prepared statement of Mr. Starr follows:]

STARR

OVERSIGHT HEARING ON EXISTING PROGRAMS TO HELP DISLOCATED WORKERS
COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS
JULY 29, 1993

Testimony of Alfred L. Starr, Executive Director
Seattle-King County Private Industry Council

I want to thank the committee for holding this hearing to solicit comments on existing programs to help dislocated workers. Your oversight and interest in making improvements in existing legislation is appreciated by many of us working on the local level. I have administered a dislocated worker program under the Economic Dislocation and Worker Assistance Act for the past four years. My comments today will be shaped by the experiences and challenges of operating dislocated worker programs in a changing economy, in a recession and in a county where demand for services exceeds supply by more than 4 to 1.

My testimony will follow the outline supplied by Representative Williams in his letter of July 19.

1) The types of dislocated worker programs that you have administered, their funding sources, your placement rates and wages

Seattle King County Private Industry Council has operated dislocated worker programs under the Job Training Partnership Title III -- Economic Dislocation and Worker Assistance Act (EDWAA) -- for the last four years. Our formula allocation for the program year beginning on July 1, 1993, is $783,182. In addition, we are currently operating three National Reserve grants under EDWAA. The three National Reserve Grants are: Frederick and Nelson -- $800,000 to serve 220 retail workers laid off due to the closure of an upscale department store; Weyerhaeuser Cascade Operations -- $240,000 to serve 60 dislocated timber workers, laid off due to changes in technology; and Todd Pacific Shipyard -- $600,000 to serve 140 metal workers laid off due to a shortage of work at Todd and an overall decline in the maritime industry in Seattle. Our total planned service level is 1000 people in this program year.

During the last program year we served 531 people in our formula grant. Our placement rate was 67%. In the Frederick and Nelson National Reserve Grant we have served 210 individuals; 47 have completed and 42 have been placed for a placement rate of 89%. Average pre-program wages have been $12.42 for the formula program, with a post program wage averaging $10.79, a wage recovery of 87%. In the Frederick and Nelson National Reserve Grant the average pre-program wage has been $11.38 and the post program wage $10.01, a recovery rate of 89%.

It has been our experience that about 65% of the people we enroll want and need retraining services. Most of our participants are in training for at least six months (60%), with many in programs that last up to two years.

2). Basic ingredients for successful dislocated worker programs

Dislocated worker programs are an effective part of our country's efforts to build a high wage economy. It is necessary to have comprehensive programs with a broad spectrum of services that meet the needs of individual workers, local economies and the current and future needs of our businesses.

In our experience the most basic and fundamentally important element in a successful dislocated worker program is a strategy based on individual assessment and matching services provided to assessed needs. We use labor market projections that tell us what the new occupations will be and as a guide in our counseling activities. But we also give just as much credence to the individual worker's interests and assessed skills and aptitudes because our experience shows these factors to be important predictors of successful placement after training.

Because of our experience in working with a broad range of dislocated workers, we believe voucher systems or other strategies that do not involve careful and individualized assistance by an informed advisor will fail. Time and time again we have served participants who have had tuition assistance or a voucher for training from a company as part of their severance package. The vast majority have made uninformed decisions about training because they did not have the benefit of vocational counseling, up-to-date labor market information, and a structured and assisted self-assessment. Voucher systems are especially ineffective in times of recession when many people are out of work and schools, especially public schools, are full. Classes that are available may be aggressively marketed by schools to potential students, although these classes are not always appropriately matched to the interests and aptitudes of the students nor correct for the local economy. It strikes us that a voucher system may be a false economy and will end up costing far more in terms of bad decisions and opportunity costs than the current methodology which promotes informed decisions.

The basic range of services allowed under the current JTPA Title III is comprehensive and allows for the necessary local flexibility to respond to the individual needs of the affected workers. Key ingredients in a successful program include:

- outreach to individuals displaced from firms that are below the WARN threshold,
- active participation of the EDWAA service provider in rapid response activities,

- effective community collaborations with training institutions, the Employment Service and other social and human service agencies, and
- individual assessment of all potential program participants, covering:
    - work and educational history
    - transferable skills
    - occupational aptitudes
    - learning styles, learning history, learning disabilities
    - functional level of reading and math skills
    - health/physical dependency/legal concerns
    - transportation access to training
    - support needs; child care, housing, financial aid, etc.
    - career goals and occupational interests
    - work readiness (attitude and motivation)

Effective readjustment and training programs for dislocated workers must be built as a part of a national strategy to build a high wage economy. Program design and delivery strategies need to be in context of upgrading the skills of American workers for industries, companies and jobs that pay wages needed to support families.

An additional key ingredient in effective dislocated worker programs is the delivery mechanism. The current delivery system of JTPA Title III through the Private Industry Councils (PIC) works well. PICs have a working partnership among labor, management, education and community organizations. They are flexible and, because of broad based representation, able to respond to the employment and training needs of their specific communities. Under Title II of JTPA, the PICs have developed a highly credible performance driven system that has also proven to be effective with dislocated workers. In building the skills of the American workforce PICs can be an important bridge between systems, being small and creative enough to help larger institutions, like community colleges and technical schools, change the way they do business to respond more effectively to the needs of dislocated workers.

To maintain and expand this valuable and effective program for dislocated workers, changes in the current EDWAA legislation, consolidation of funding and the roles of the various actors need to be examined.

3) Recommendations for legislative changes in JTPA Title III

Funding

Current dislocated worker programs are under funded. In our local area of Seattle and King County, Washington, we are able to serve less than 25% of those eligible from mass layoffs and closures who wanted service. This does not reflect the thousands more that may be eligible and appropriate for services from smaller closures and layoffs and the long term unemployed dislocated worker. In King County during program year 1992, July 1, 1992, through June 30, 1993, there were approximately 12,000 jobs lost in the Seattle economy as reflected in WARN notifications. This of course does not count the thousands who were dislocated from smaller firms. Our dislocated worker programs could only serve 750 people due to funding limitations. We had to turn hundreds away due to lack of funding and staff capacity, did no outreach except in cases of WARN notifications, and developed extensive referral to other less intensive services in the community. All of the PICs in our State are under similar funding restraints. A funding formula should be developed that looks at historical trends of dislocation and has an adequately funded data collection mechanism. In our experience about 30% of those dislocated will want and be appropriate for the kind of intensive service that EDWAA can provide. The funding formula should provide adequate resources to fund 30% of the projected dislocated workers based on historical trends. The funding mechanism should have some year to year stability in base funding.

Consolidated fund sources

There are too many different dislocated worker programs and funding sources. The funding structure should be simplified into a single, flexible system whose funding is driven by demand. Many of the discretionary programs are determined by the kind of dislocations, e.g., clean air or defense cutbacks. Often the cause of dislocation is not clear. Eligibility in a consolidated program could and should be based on **dislocation of the worker**, not the cause of dislocation. Funding should be simplified into two categories of funds -- formula, which should be maintained at 80% of an increased total, and National Reserve Grants for large unanticipated closures and those events beyond the scope of a formula allocation.

The consolidated program should use the current delivery of JTPA Title III. It is established and has built up an effective and efficient delivery system with documented performance. The expanded program should also have some of the elements of expanded service now available in Trade Act Assistance, such as extended unemployment insurance and the ability to obligate funds for the length of an individual's training, rather than the end of the program year. This would encourage longer term training when appropriate.

National Reserve Grants

The National Reserve Grants should be maintained, but the process for award and modification must be streamlined. We have had to wait months for award notification and many more months after notification to make modifications to the grants. Individuals who could have been helped in a timely fashion were forced to exhaust all of their personal resources while waiting for service in the formula program.

Regional offices of the Department of Labor should have the authority to make modifications in National Reserve Grants that do not affect the amount of funds obligated. There are much closer to the dislocation and may have better first hand knowledge on which to base a decision. This change would also speed up the modification process.

It is also important to expand beyond the current emphasis on company specific dislocations and promote National Reserve Grants for declining occupations, regional industry decline (for example, the maritime industry in Seattle), and the secondary impacts of large dislocations (for example Boeing suppliers).

Cost Categories

The administrative level of Title II of JTPA should be increased to 20% to match the real cost of administering these programs.

The current limitation of support costs to 25% of the total will not allow the payment of needs related payments or training stipends. Very few programs across the country can afford to offer these payments with the cost limitation and within the total amount available. Other types of support are also needed. In our area we spend about 8% of our EDWAA resources on daycare, transportation and medical care.

The best approach may be to create an unemployment insurance extension for training, such as is currently available in Trade Act Assistance. In our experience, the number of people in training, especially training in excess of 6 months, increases when there is a national U.I. extension in place. Without income support workers are forced into short term training to match the period of unemployment insurance coverage. This pattern especially threatens the probable success of participants whose basic skills need improvement before they can handle occupational retraining.

Skill Enhancement

One of the most serious problems with the current legislation for JTPA Title III is the restriction against skill enhancement. It is often prudent and efficient to upgrade the skills of a dislocated worker for a similar job in the same or similar industry. This is currently not allowed. An example of this would be our National Reserve Grant for shipyard workers. We have not been allowed to retrain former marine craft workers for related work in non-marine industries, even though they will not be eligible for hire without upgraded skills (an appeal is pending). Another example would be the inability to enhance the computer skills for clerical workers laid off from a firm that did not keep up with technology changes. These individuals are not be able to compete in the current clerical labor market.

This issue of skill enhancement also affects eligibility. The criteria for eligibility needs to be changed from "unlikely to return to previous occupation or industry" to "unlikely to return to comparable employment in the local labor market".

Mandate Assessment and Individual Service Plans

There is currently no mandate to provide comprehensive assessment or to develop a training plan for dislocated workers enrolled into EDWAA Title III programs. The best programs already do assessments and service plans, but it should be supported by legislation. Careful planning and assessment of a person's skills, work experience and aptitudes are necessary to assist in making informed training choices.

Substantial Layoff

Currently the law defines "substantial layoff" as 50 or more and 1/3 of the workforce. There should be legislated flexibility on this. In some communities, and in some situations in any community, a smaller layoff or a number of related layoffs may be significant. The governor should have the authority to lower this to the appropriate number whenever necessary. The language for participant eligibility must also match rapid response eligibility -- the eligibility for both should be 50 or more employees, except in situations when the governor sets a lower number.

4) Changes in the federal, state, and local roles in any new dislocated worker program design

The current role of the Department of Labor regional offices should be expanded to allow for modification of national reserve grants. The regional offices are in a position to review the conditions and reasons for the request and move quickly with a response.

Oversight is currently lodged with the State and the DOL Regional Office. Local providers get confused about who does what. A clear division of labor would make things less confusing and more efficient.

5) The types of linkages necessary to federal job creation efforts (e.g., highways, environmental/energy clean-up, etc.) for individuals after they receive training

Job training elements in Federal job creation efforts should be routed through the Department of Labor's State employment service/Private Industry Council delivery system. The effectiveness of this Federal/State/Local system is measured directly by how many of its graduates find work within 90 days of retraining, and how well their skills meet employer requirements. Routing federal dollars through this system allows each State to coordinate State initiatives with the Federal dollars and tailor the mix of programs and services to the local situation. This ensures that the retraining dollars will be used to develop training programs that match the skill requirements of the jobs created through federal efforts. Consequently, if a federal initiative like NAFTA results in a federal job creation/job training response, I would strongly recommend that the funds be routed via through the DOL Job Training Partnership Act channel. This approach will keep the focus on getting people back to work with the skills that employers want to buy.

Information sharing is also an important linkage that could help us at the State and local level. Federal initiatives like the Clean Water Act create new occupational requirements. For example, implementation of the Clean Water Act will require that a larger portion of the local water systems hire certified operators. Full implementation of this one Act will also generate considerable public works construction. Federal agencies sometimes do extensive research on these requirements and make detailed projections of the job creation effects on a State-by-State basis. It would be useful to us if the JTPA delivery system were "put in the loop" and could share this kind of information. We certainly could make good use this kind of information in our training plans. I recommend that Congress include information sharing requirements in all Federal job creating initiatives.

One of the questions most often asked of dislocated worker programs, especially in a time of recession, is what do you train people for. People only look to job creation or economic development activities and lose sight of the nature of a comprehensive training program. A period of high unemployment is generally the most opportune time to retrain people; Unemployed workers have the time to invest in upgrading their skills and prepare for the better paying opportunities that require a highly skilled workforce. It has often been cited that jobs are sometimes exported because of the lack of a trained and available workforce in this country. Most of us also believe that a high wage economy requires a technically competent and highly skilled workforce. A comprehensive federal policy that supports training and retraining of the workforce, including dislocated workers, is critical to this objective. Most European countries have extensive workforce development policies as do most Japanese companies. The Commission on the Skills of the American Workforce report, "America's Choice, High Skills, Low Wages" stressed many of these same issues. Now is the time to build on what we have learned from the last four years of operating dislocated worker programs under JTPA Title III, and make improvements that will have a lasting impact on this country.

6) The design of effective rapid response efforts

Under current JTPA Title III, the State can delegate the tasks of rapid response, but not the responsibility of making sure it happens. This oversight responsibility is helpful, but states should be encouraged to look at other models. Dislocations happen locally, not at the State level in most situations. To keep 40% of the funds at the state level may not always be the best way to provide effective and efficient services to people at the local level.

Rapid response is also reactive under the WARN act. We should consider ways to increase our ability to reduce dislocations before they happen. Many states have early warning networks and business retention programs. There should be mandated coordination among these programs legislated into the appropriate federal departments.

The threshold for WARN should match EDWAA program eligibility. It creates enormous confusion to have two criteria. The eligibility for both should be the WARN level definition of 50 or more employees being dislocated instead of the more confusing participant eligibility standard of 50 and a third of the workforce.

For companies that do not issue WARN notices, there should be a simple way to apply sanctions from the Department of Labor, not the civil courts.

Many local programs think WARN notification should be extended beyond the current 60 days. In our local experience, the 60 days has usually provided adequate time to provide pre-layoff assistance and begin labor management teams as appropriate. It is a very different story when an employer gives severance pay, thereby reducing the amount of time before layoff or closure. Sixty days is also inadequate when a National Reserve Grant is needed. For these reasons, it is prudent to extend the notification to 120 days.

7) Any further information on serving dislocated workers that you believe would be of interest to the subcommittee

An overriding issue with all federal programs is the need for coordination and collaboration at the national level. Federal domestic policy is departmentalized, by committees in the House and Senate, and in the federal departments charged with implementing and operating the programs. A key improvement in dislocated worker programs would be to not only consolidate the funding into one department, the Department of Labor, but also to examine ways in which complimentary legislation, whether in business assistance, educational reform or other elements of our overall workforce development agenda can be woven together at the developmental, oversight and operational levels.

Chairman Williams. Mr. Jerry Hanoski is Executive Director of a PIC council, one in western Wisconsin at La Crosse.

STATEMENT OF JERRY HANOSKI, EXECUTIVE DIRECTOR, WESTERN WISCONSIN PRIVATE INDUSTRY COUNCIL, LA CROSSE, WISCONSIN

Mr. Hanoski. Yes, sir. Thank you, Mr. Chairman and members of the subcommittee.

Thank you, Mr. Chairman, and, as a rural administrator, I really appreciate the chance to appear before you today. I am not very familiar with Congress and the workings of its committees, so if I seem to be a novice here, I apologize. I am a constituent of Mr. Gunderson out in western Wisconsin where we have more cows than people.

Chairman Williams. Being from Montana I can relate to that.

Mr. Hanoski. I am the Director of the Western Wisconsin PIC. We are a nonprofit, incorporated agency that I believe truly operates within the spirit and the intent of the JTPA statute.

We have an excellent working relationship with our local officials, State and Federal officials. We have an excellent performance record by any reasonable standard, as my written testimony suggests. Part of our success is due to a number of things, including that all of our staff from our office are collocated with other agencies throughout our eight-county, 6,000-square-mile service delivery area.

We have 10 subcontracts. Our main partner for the displaced worker program is a vocational technical college where we send about 400 of our trainees each year.

We also participate in Wisconsin's One-Stop-Shopping pilot projects which are now in their third year of operation.

I am generally supportive of building upon the JTPA Title III program. I do have some concerns.

First, I am concerned with the substate allocation of funds. I understand the need for a national reserve account and State funds, but please understand that people lose their jobs every day. Most of our employees are in small businesses, and there are dislocations here and there in small pieces, and they don't always make headlines.

We are now 29 days into this program year, and my substate area has allocated over half of our capacity already. I recommend that substate allocations be proportionally increased.

Secondly, I am concerned about the governance and administrative structure that may evolve from a redesign of the displaced worker program. I am concerned about the possible erosion and loss of local decisionmaking over program governance and administration.

My PIC has demonstrated effectiveness, and we can put a qualified professional in the job for 30 percent less than a State agency. We have not had turnover in staff in years.

As a substate grantee for JTPA Title III, the PIC can fire me if I don't do my job. All they need to do is give me 60 days' notice. Our organization is accountable not only to the Federal and State officials but, more importantly, to local officials and the local community. I personally believe that every publicly funded administrator should be judged, hired and fired by a local board from their community. That is how you get accountability.

The local economy suffers due to a plant shutdown or other factors. It is the local officials who face the heat and people who live in the community. They need to be in a position to direct the community's well-being.

I believe the Federal and State role could be to provide resources and technical assistance which empower and enable local communities to meet the workforce development needs but not to make the decisions for them.

Now, we get along well in Wisconsin with our officials as far as bureaucracy goes. They are pretty decent, but they don't know what is really happening in contrast to western Wisconsin in particular, for example. Our local elected officials know which persons and which agencies perform best in their communities. And whatever system the Congress chooses to put into place, the local community, through its business representation and local elected officials, need to be in a determining role on the governance and administration of these programs at the very beginning.

I am far less concerned if the Congress reconfigures PICs or forms labor market boards or attaches the displaced worker program to one-stop-shopping centers, but the governance and administrative structures need to be close to the customer. It is reasonable for the Federal and State roles to establish criteria for program administration, but the decisionmaking needs to evolve locally. To hold such authority solely at the State level I believe has too great a potential to preserve the bureaucracy.

One of my last comments is that JTPA Title III is intended to largely provide training with limited support capacity, and increased income support capacity such as merging JTPA Title III with TAA or other support systems that would certainly prove to beneficially serve the long-term training of displaced workers.

As my written testimony indicates, there are several other points, but time doesn't permit me to comment on them. But those are the major ones.

Thank you very much.

Chairman WILLIAMS. Thank you.

[The prepared statement of Mr. Hanoski follows:]

HANOSKI

SUMMARY OF TESTIMONY BY JERRY HANOSKI
OVERSIGHT HEARING ON EXISTING PROGRAMS DESIGNED TO HELP DISLOCATED WORKERS

1. The Western Wisconsin Private Industry Council, Inc. as a substate grantee for JTPA Title III has an excellent track record across a variety of dislocated worker programs. An effective dislocated worker program with a proven track record can serve a variety of dislocated worker needs. The primary limitation is sufficient funding.

2. Successful elements include: a positive relationship between the State Dislocated Worker Unit and the substate grantee; a responsive, locally-based substate grantee with demonstrated effectiveness; funds, particularly the ability to access State discretionary funds and National Reserve Account funds.

3. Legislative changes to JTPA Title III should include the elimination of redundancies and consolidation of resources into one comprehensive program to enhance the public's understanding and to provide simplified equitable access to these services. Eligibility for dislocated worker services should be consistent with the current JTPA Title III. National JTPA Title III should be allowed to continue to pay for services started with State or local funds. There needs to be an expedited process to access National funds as well as provisions for reapplications where there are long-term industry downturns. Substate allocations should be increased to address the continuous need for work-to-work transition assistance as the dislocation trend continues in an upward spiral.

4. The roles of the federal, State and local agencies have proven generally effective. Some efficiencies in process

can be improved; however, these roles should remain the same for any revisions of the dislocated worker program.

5. Linkages necessary for federal job creation efforts should include the requirement of federal contractors listing thier job openings with local dislocated worker programs, or minimally the State Dislocated Worker Unit.

6. Ensure a core dislocated worker substate grantee to handle the continual flow of dislocations and to work with the State Dislocated Worker Unit for an effective rapid response. Increase the substate allocation.

7. Consolidate dislocated worker programs into one comprehensive program. Allow State and local determination on local program design and operation. A single comprehensive dislocated worker program with a demonstrated performance record can respond to a variety of unique needs.

Mr. Chairman and Members of the Subcommittee:

I sincerely appreciate the opportunity, as a local administrator of dislocated worker programs, to discuss issues with you on the development of a consolidated and comprehensive dislocated worker program.

LOCAL DISLOCATED WORKER PROGRAMS

The Western Wisconsin Private Industry Council, Inc. is a substate grantee for JTPA Title III and has administered several types of dislocated worker programs each responding to unique needs.

We have operated company-specific dislocated worker programs such as a program for dislocated workers from The Trane Company in La Crosse which is an international unionized company. We served 110 of those workers most of whom were machine operators, retrained and placed 87 into employment at an average wage of $7.30 per hour. This project was completed in late 1990 and was supported with State-administered discretionary funds which were largely from JTPA Title III.

We are currently operating a dislocated farmer project in consortium with two other Service Delivery Areas covering 22 counties in Wisconsin. That project in the past year has served 129 dislocated farmers about of 100 of whom are still in retraining. We are running at a 100% placement rate to-date with the 29 people who have completed training, with a wage of placement at $6.17 per hour. This project is funded with Secretary of Labor JTPA National Reserve Account funds as well as JTPA Title III discretionary funds from Wisconsin.

We operate a local dislocated worker program which has served 176 individuals this past year with an 82% placement rate and an average entering wage of $7.02 per hour. This program is funded with the Title III allocation to our service delivery area.

We have also conducted company-sponsored dislocated worker assistance where the company sought us out and paid us for assisting 40 of their displaced lumber mill workers for services above and beyond that available through JTPA Title III.

In a combined total this past year we served just over 300 displaced workers in western Wisconsin out of an estimated 5,870 projected eligible or about 5% of the eligible population. Our selection process prioritizes service to those individuals who: were earning low wages; possess outdated or non-transferrable skills; and who have been unemployed the longest. We also have an equitable provision of services system to assure that we enroll individuals from significant segments (females, minorities, handicapped, older workers, and dropouts). Our biggest obstacle is sufficient resources to respond to the need for services.

Lastly, the overall retention rate at 13 weeks after leaving our dislocated worker program is 89% with an average wage of $7.28 per hour.

INGREDIENTS FOR A SUCCESSFUL DISLOCATED WORKER PROGRAM

By any reasonable measure or judgment, I believe it is clear that we have administered a variety of successful dislocated worker programs in western Wisconsin. We link with appropriate industry, labor, and trade groups to to design a local response that meets the unique needs of dislocated workers in our area. I believe we are an example of how a further consolidated dislocated program can respond to dislocated workers regardless of the industry or reasons for dislocation.

There are three basic ingredients to which I attribute our success.

1. A positive relationship with an effective State Dislocated Worker Unit. We have an excellent State unit which is supportive and responsive to our substate operation.

2. We are a responsive, locally-based substate grantee with:

   A. Trained and seasoned personnel sensitive to the unique needs of dislocated workers;
   B. Political support from the Local Elected Officials;
   C. Local program guidance from the private sector;
   D. Accountability for fiscal integrity and program outcomes;
   E. Demonstrated track record of networking with community resources, particularly the vocational education system and those organizations with a unique support capacity for the dislocated population (e.g., agricultural support organizations for farmers); and
   F. Organizational credibility in the community.

3. Ability to access additional funds. Accessing as many resources as we can for dislocated workers, we can serve about 5% of the eligible population; however, our level of service would have been far below that level had we not been able to access State discretionary funds and National Reserve Account funds.

RECOMMENDATIONS FOR LEGISLATIVE CHANGES TO JTPA TITLE III

Worker dislocation is a distressing economic threat that appears to be on an increasing trend line. Assisting workers in work-to-work transition is an appropriate federal priority. In addressing this priority the federal role should provide for resources and principles, but not prescriptions. Understandably, the federal role needs to demand provisions to protect the integrity of public funds and ensure those funds are utilized within the intent of authorizing legislation. The federal government should strive to eliminate redundancies and consolidate resources to enhance the public's understanding and simplify access to these services.

There is no need to rebuild a dislocated worker program; however, there should be consolidation into one comprehensive program to serve dislocated workers. This would ensure equitable service to dislocated workers regardless of the reason for dislocation. The combination of JTPA Title III and TAA should be a prime priority.

Eligibility for dislocated workers should be consistent with the current JTPA Title III program. This does not preclude targeting funds, e.g., defense workers, or other specific industries. Within Title III we need the same program requirements to simplify the management of the funds, otherwise excess effort is invested in creating new and separate administrative systems to manage different program requirements.

National JTPA Title III funds should be made available to pay for continued training for individuals who start their training on State or local funds. The current policy of not allowing this is detrimental to local and State rapid response and early intervention on closing and layoffs.

An expedited process needs to be developed to access national funds. Delays of several months between plant closing and receipt of funds often occur. Perhaps a system modeled after the process for emergency dislocated worker projects could be adopted or a system allowing some cost to be incurred while specifics of the national grant are being determined.

In western Wisconsin, we face a further dilemma in that we have accessed National Reserve Account funds to assist dislocated farmers. That project will end this year, yet the troubles in the farm economy in the upper midwest have been exacerbated by recent floods. Current Department of Labor practice discourages reapplication for National Reserve Account funds. Provisions need to be made for continued National Reserve Account assistance where there is protracted long-term downturns in an industry such as we will now be experiencing in the upper midwest farm economy.

Lastly, as I suggest in the performance record in Wisconsin, it is not a question of whether or not a single dislocated worker program can respond to a variety of worker dislocations for any reason; rather it is a question of how much money can be made available to provide the assistance. Even with access to federal and state funds, we have been able to serve about 5% of those eligible in western Wisconsin. We would be much more responsive if there were an increased allocation of dislocated worker resources directly to substate grantees. People loose their jobs everyday. It is not just defense workers, or General Motors, or IBM workers who we read about in the morning headlines. In western Wisconsin 5,000 people loose their jobs each year; a few here and a few there. Smaller dislocations are increasingly the trend as companies are also smaller. Increased substate allocations would best serve the interests of dislocated workers who loose their jobs every day.

CHANGES IN THE FEDERAL, STATE AND LOCAL ROLES IN ANY NEW DISLOCATED WORKER PROGRAM DESIGN

In recent years there has been an increased U.S. Department of Labor presence not only in monitoring of program operations, but also in capacity building activities. The federal role has also been very supportive when we have local needs. These are appropriate roles which should continue. I suggest no change in the federal role.

The State role has been similar and also facilitates rapid response. I think Wisconsin operates a model dislocated worker program. I suggest no change in the State role.

I believe we have an outstanding series of relationships from our local Private Industry Council through the Wisconsin State Dislocated Worker Unit, through U.S. DOL Region V, and to the U.S. DOL in Washington. I suggest no changes in federal, State, or local roles.

LINKAGES NECESSARY TO FEDERAL JOB CREATION EFFORTS

I think it is reasonable that federal contractors be required to list their job openings with the local dislocated worker program, or minimally the State Dislocated Worker Unit; however, I do not recommend further tinkering in the federal job creation process with respect to quotas or similar hiring requirments for dislocated workers.

An effective local dislocated worker program should assist participants in becoming thoroughly knowledgeable and competitive in the workings of the labor market. Job opportunities made available through federal job creation projects be made conspicuously known to the local dislocated worker program agency and should thereby provide for competitive access to those jobs by qualified dislocated workers.

THE DESIGN OF EFFECTIVE RAPID RESPONSE EFFORTS

Beginning at the local level there needs to be an established core dislocated worker agency . The characteristics of this agency have been previously described. This agency should be equipped to handle the continual flow of dislocations that take place through the ongoing workings of the local labor market. The local agency needs to have a demonstrated capacity to increase response if additional dislocations occur and increased resources become available.

The State Dislocated Worker Unit should serve as a pivotal point in orchestrating and if necessary allocating resources for local rapid response. WARN legislation requires notification of the State Dislocated Worker Unit which then establishes dialogue with the substate grantee in arranging planning meetings for responding to dislocated worker needs.

CONCLUDING COMMENTS

I believe redundancy can be reduced and effectiveness of services improved under a single consolidated dislocated worker program built upon the framework and principles of JTPA Title III.

Wisconsin has made a considerable investment in designing and implementing a network of dislocated worker services. It makes sense to build upon effective systems. The dislocated worker program services work well in Wisconsin and could work even better with these improvements. I further recommend States be given sufficient flexibility in continuing effective programs or making necessary local changes according to principles laid out by the federal government and allowing State and substate grantee to work out their own local prescriptions.

Mr. Chairman, this concludes my testimony. I will be happy to answer any questions that you or members of the Subcommittee might have.

Chairman **Williams**. Our final witness is Mr. Charles Tetro, President of the Training and Development Corporation in Bucksport.

STATEMENT OF CHARLES TETRO, PRESIDENT, TRAINING AND DEVELOPMENT CORPORATION, BUCKSPORT, MAINE

Mr. **Tetro**. Thank you very much, Mr. Chairman. I am batting mop-up today, and I would like to just emphasize a couple points that have been made by other speakers and add a couple of my own that I hope will be useful.

First of all, it was very appropriate to start with Admiral Watkins because I believe we started in the right place, and we seldom do. I would broaden his point simply to say that it is not only and simply a matter of having failed to plan for the defense downsizing, but it is a failure we have had, and it is endemic in our culture, failure to look ahead at all systematically and plan much about anything.

We run a TDC job training program system that spans the entire range of activities for youth and adults funded by the Department of Labor, and we see that manifested in people's lives, from the Job Corps students that don't plan ahead to adults who fall into circumstances that they have not anticipated and find themselves with very few options.

Well, that is really what Admiral Watkins was elucidating when he talked about where we find ourselves in the defense conversion issue. We didn't look ahead. We didn't plan ahead. We didn't face the inevitable results of our actions so our options have been limited. And a lot of things have occurred, both haphazard and unnecessary, as my testimony reflects.

What does it mean now? I think the first thing it means is that one of the problems we face and you face every day—and we face every day—is that the, quote, system, unquote, that we have for dealing with workforce transition and development is not a system at all. It is a collection of ad hoc responses that have been accumulated over the years to address a variety of very compelling problems that don't add up and leave many of us skeptical, is simply the natural result of the actions we have taken.

Where we go from here? I think we build on that understanding and experience. It is not that we have not done many things well as we pursued that in this country, but we certainly know that, from the standpoint of efficiency, we cannot afford to invest in duplicative ways to get services delivered. And from the standpoint of making this rationale for the public we cannot send people on the odyssey they have to go now to find their way to the next job or next step in the process.

That is why I think all of us look forward to the proposals that the administration will bring to you and that you will form to come to terms with the fact that implications of all this is not only defense conversion causing displaced workers it is competitive forces worldwide. It is overcapacity in a whole variety of industries and service sectors worldwide. It is the influence of technology in our everyday lives and in virtually every job all across the country and virtually every business. It is the changing nature of work itself, and it is aggregate demand.

We need to come to that with a much more robust and clear view of what the problems are in their entirety before we are going to have any possibility of succeeding with programmatic strategies.

I think, further, we need to have a real clear purpose defined of what a workforce development system will do and very clearly articulate the missions.

That leads me to the work that we do every day and some comments I would like to make about that.

We certainly support your universal access to a flexible system. If we want to do long-term training—and in some instances it is, obviously, crucial that we do—we need to provide income support. It is simply impossible for workers to engage in one or two years of training without such support. It is also a reason why you see much of the short-term training that everyone knows and every bit of research has said does not work occurring.

Some of that occurs by design, that there is only short-term training possible for a person. Other aspects of that occur as people fall out of training, unable to complete longer-term training because of income support issues.

The second point I would make in—third point, actually—is if I were to look at existing systems structures and work with it I would clearly move to create higher standards of quality and well-defined standards of quality.

We have spent at least the 20 years I have been with you on issues like this discussing governance, concerned about regulatory requirements and frequently small mechanical issues, but we have never spoken much at all about the nature of the service itself. We have worked on the conveyor belt.

And now, as we look at one-stop-shopping, it is talking about conveyor belts, moving money and about bureaucratic streams, but it is not talking about what is the capability that needs to exist in every community. What are its components? Who ought it be able to do? How ought it be able to do it? To what standards to produce what kind of result? I think we need to do that.

Secondly, I think we need to work off something that brings cohesion to this, and that is a well-articulated, carefully costed service plan. The infrastructure we need to manage this with is a solid plan and technology to bring a whole variety of resources together to manage that plan as we look at one-stop-shopping. That is one stop for a very small part of what will be affected in a worker's life. It is job training and income support pieces, but many other aspects of what a complete plan needs to be would not be found within that one stop as currently conceptualized.

Finally, I would say I think we need to do what Job Corps succeeds at and that is to do more careful performance modeling. It is not enough to say this is our expectation for quality and results, but we need to understand what we are getting, how we are getting what we are getting, what investments work, what investments don't work, for whom, under what conditions. Until we illuminate that, most of the discussions we have will be so vague as to not contribute.

In closing, I would say this. Eight years ago, TDC created our version of One-Stop-Shopping, a career advancement center which is a model with all the attributes we are talking about of one-stop shopping.

And we went further along to see what Al Starr referred to. We created that automated case management system that he says these organizations need. That permits us now to manage a whole variety of resources on behalf of individual clients, resources found all over a community in a variety of income streams, public and private, and it permits us also to be not only accountable to ourselves and to the person that we are serving but also to our responsibility to continuously improve.

We now have the data to know what we are doing well, how we are doing that and how we can improve. I think those are fundamental building blocks for any system that you contemplate for the future.

Thanks for the opportunity, and I, as others, are pleased to answer any questions you might have.

[The prepared statement of Mr. Tetro follows:]

STATEMENT OF CHARLES G. TETRO, PRESIDENT AND CEO, TRAINING & DEVELOPMENT CORPORATION, BUCKSPORT, ME

Mr. Chairman, my name is Charles Tetro. I am president of Training and Development Corporation, a national not-for-profit educational management, training and consulting organization headquartered in Bucksport, Maine. TDC operates the broadest array of Department of Labor funded programs of any single organization nationally. I appreciate your invitation to appear before the subcommittee to provide a practitioner's point of view on the issues before you today.

The past decade has been punctuated by fundamental changes in the structure, composition, and dynamics of the American economy. The pace of change is accelerating, its impact is widening, and its effects are intensifying. No sector of the economy is immune. No institution, business, or worker is exempt.

The transformation of the Nation's economy has been driven by rapid development and exploitation of information technologies as well as by differential labor rates, working conditions, and human and capital resources found in an increasingly integrated and competitive world economy. Overcapacity exists on a broad scale throughout the world across a diverse range of industrial and service sectors suggesting that the significant disemployment effects experienced here and abroad will continue into the foreseeable future. In addition, fallout from a restrained domestic recovery has produced large numbers of corporate and personal bankruptcies. State and local governments have been forced to sharply curtail services and reduce employment and some communities are on the brink of bankruptcy themselves. Significant demographic shifts have also occurred in recent years. Taken together, these factors have contributed to massive job losses and a growing mismatch between the number and nature of emerging employment opportunities and the needs and skills of the workforce.

In this climate, dislocation resulting from the deliberate actions of government such as policy initiatives relating to defense and the environment, or trade agreements such as NAFTA takes on an even greater immediate importance and a long-term social, cultural, and economic significance as well. The impact of these policies coupled with the underlying forces at work across the world economy are creating unprecedented demands upon American workers, families, indeed whole communities, as well as companies and the research, education, and training infrastructure which supports them.

The first casualties of the new order have been announced and more will follow—many more than need be if we were to grasp the significance of the change which is taking place and respond appropriately. Instead, we are rushing headlong into a social crisis rooted in a flawed conception of economic renewal. To date our actions have been wholly inadequate, some would say reckless, certainly haphazard and destructive, and I would argue, largely avoidable. We have a Hobbsonian world of our own making where our economic and social life is increasingly "nasty, mean, brutish" and our careers unnecessarily short. Before we accept the inevitability of decline resulting in a two-tiered society where accidents of place compete with accidents of birth to explain economic success, we should question some of our most fundamental assumptions about what motivates and what inhibits economic achievement. We need to reexamine our cultural myths and realign our policies and practices to support our purposes. They do not now. It is easy to imagine where our current course will lead; we need only follow the trend lines out a few years. However, we can look to an earlier time and a different problem to actually see the destructive potential of our approach.

We came to the matter of urban renewal in the 1950s and 1960s in much the same manner that we are approaching economic renewal today. Across the country, well meaning decisionmakers concluded that major portions of our communities had become obsolete. The case was easy to make. Many buildings were not in productive use. They were in disrepair and required substantial investment without any certain economic return. We bulldozed them to make way for the future. In a frenzy of renewal, we systematically dismantled and destroyed a tremendous amount of wealth, capacity and potential—all because we could see only what the buildings were not.

Where urban renewal failed to get underway, we have well preserved working assets today. Where it was most aggressively pursued, we have large holes in the landscape. Even where it succeeded on its own terms, the results were mixed. We have only slowly come to appreciate what was sacrificed in the name of renewal. The economic and esthetic toll is now generally understood to have been great. But we lost something else which we seldom explicitly acknowledge: unrecoverable, deeply human elements of a cultural tradition binding one generation's work to the last and next—an intangible link to our past. This failure of stewardship was the consequence of an historical and impoverished conception of community which continues to misguide us today.

In this regard, it is instructive to reflect upon the current public response to the flood in the midwest. There are some who argue that those who live and work there producing food for the Nation sealed their fate when they located by the rivers; that America is not an insurance company; and that taxpayers should be spared the burden of aiding those whose condition is the result of their own free will. In a very important respect they are right. America is not simply an insurance company and should not act like one. It is a society—a community of shared interests. An insurance company at its best meets the terms and conditions of the simple economic bargain it reached with its customer, which usually seems less simple and less generous at the point of crisis than it did at the time of sale. A community, on the other hand, confronting a crisis looks for ways to help—sacrificing individually to contribute to a greater good knowing that others would do the same over the long haul. Both the insurance company and the community are responding to the uncertainty of the human condition and to our common interest in avoiding being wiped out by calamitous events. Each has its place. But increasingly in nearly all aspects of our lives, we have substituted limited, formulaic, legalistic, institutional arrangements for the relationships which bind people together in communities. The alarming results are evident all around us.

Today, in the name of economic renewal, we are bulldozing hundreds of thousands of people out of the way because they can't be employed immediately as they are. Some have been out of bounds in the competition for a decent job for all of their lives. They are in danger of being shoved further out of bounds as we continue to choose to sharply limit investment dedicated to human resource development and economic transition and direct these meager resources away from addressing the increasingly desperate situation of the urban and rural poor in favor of serving the newly dispossessed who have better prospects for more immediate success, and who exert substantially more political influence. And, even here, once again, the available resources are far too limited to get the job done.

For too long, we have relied upon lotteries to distribute resources and opportunities in our society. Whether we were rationing educational opportunities, training, or health care, the success of some few gave hope to many. This technique gave the appearance of working as long as we were distributing gains.

But in recent years, we have allocated losses in the same way with far less success. The anger which is so pervasive in our society results in part from a widespread feeling of betrayal. It is evident that there is nothing remotely fair about how we are undertaking major structural economic transitions. The accident of working in the wrong sector of the economy or for the wrong firm accounts for devastating losses which many thousands of highly skilled people are experiencing across the Nation.

Yet this message of urban renewal is this: Where we have the vision and the will to look at things as they might become, we have a powerful regenerative capacity.

Even to begin to find solutions, we need to look at the problem differently. First, it is not the fault of the victims nor is it the result of the normal course of economic change and development. In our free enterprise system, companies and even whole industries go out of business and new activities emerge to take their place. Workers lose jobs and move on to new ones. We have an unemployment insurance system to provide income support through periods of transition, and we invest in job training to selectively subsidize those deemed especially in need, due to economic or educational disadvantage, or due to the macroeconomic impacts of concentrated dislocations associated with plant closings and major layoffs. But what is happening now is not the result of a normal course of economic development but of economic decline. The activities being lost are not being replaced by new ones that can generate comparable earning opportunities. Compelling economic forces are leading most firms to adopt labor-saving technologies and practices, achieving productivity growth by training, by replacing less skilled workers with more skilled workers, and most frequently by simply reducing the overall workforce. In many cases, new workers are found overseas—as lower wage replacements doing the same work as higher skilled workers at comparable wages, or as immigrants filling job requirements not being met by the existing American workforce. Firms that do not restructure tend to fail or to stay in operation only through major compensation concessions. Firms that do restructure frequently end with smaller numbers of employees and different employees, leaving behind large numbers of dislocated workers with only dismal prospects for comparable work. Wage reductions, dislocations, and the accompanying erosion of American standards of living, are inherent byproducts of widespread economic restructuring as it is now taking place.

It is reasonable to ask why government should act to encourage different market outcomes. The experience of the past several years has shown that in the absence of intervention, firm by firm decisions of the private market are producing reduced standards of living on such a large scale that there are significant economic effects—reduced purchasing power, reduced real estate values, reduced tax bases, increased demands on social services, more crime, and so forth. With capital so mobile, American standards of living face serious challenges from employers with more cost-effective places to produce. It will take citizen effort to alter these powerful market forces. This is precisely where public intervention is both appropriate and essential.

Government must lead and invest to alter the natural course of market outcomes. Government needs to invest to catalyze new economic activities. Firms need a variety of capital subsidies and workers need a variety of education and training subsidies.

Crisis can induce paralysis or stimulate invention. In fact, there is a special property present in crisis, an element which often permits new combinations to form with new capabilities and new possibilities. As a Nation, our track record in dealing with crisis is enviable, albeit leaving one with the suspicion that we are fully energized only when pushed to the wall. But as Sputnik awakened us to the implications of foreign dominance in space, "Kaputnik," the demise of a bankrupt economic and social structure which had been unable to genuinely meet the needs of its people yet persisted until virtually every last energy was spent should give us pause to reflect and to act—now while we have the wherewithal to build together into the future.

The interests of the American people will be served by taking an approach to economic conversion and workforce development which acknowledges that we do not know what set of strategies will work best, and that indeed, we do not yet have a fully adequate framework to address a set of issues which are complex and only partially understood. We do know that the problems of economic transition are pervasive, that we have never sustained a commitment to workforce development in the public or private sectors of the economy in any substantial way, reserving what ever slight public attention we paid episodically to the issue to a very small fraction of a segment of society with desperate need. We know further that every institution we might logically turn to to "do the job" is now or ought to be in the process of a fundamental restructuring. And in this regard we should recognize that the "ought to be" category is far more fully populated than the "is." Educational reform and restructuring has proceeded painfully slowly in the elementary and secondary systems of the Nation. Postsecondary career and technical educational reform is barely underway. These institutions have responded more with declarations of virtue, a contemporary vocabulary, and signage changes than with the difficult and absolutely essential transformations which are required in the way they do business if they are to become truly able to support the development of people in the emerging economy.

The reason that we continue to have such difficulty coming to terms with labor market policy is that we have not come to agree on fundamental principles to frame policy and program design. There are few aspects of our lives so central to our being, so defining, as our work. There is little beyond the defense of our physical security which is as important to our collective well-being as is our economic security and vitality. Yet, this policy area has occupied relatively little of our energetic attention and attracted very little of our direct public investment. Before we impulsively implement a quick fix which is so much in our nature to do, we need to do two other things. First, we need to reason together to discover where our true common interest is centered. And second, we need to experiment. And we need to begin now.

The administration is in the process of advancing proposals which are intended to reform the labor market intermediation structures of the Nation to create, for the first time, a universally accessible, high quality, workforce development system. Every American in every walk of life has a stake in how this is undertaken. It is vital that we achieve success. I believe that it is a time when we should take a long view and invest in building a solid foundation for a system which is grounded in the belief system of the American people, with a clearly defined purpose and a well-specified mission. It is not a time to rush into reform, and there is a real danger that in endeavoring to come to terms with near term issues associated with EDWA that we will once again put the cart before the horse and compromise our long term possibilities by pressing ahead with hastily conceived initiatives.

I would urge the committee to lead a major congressional initiative to invest in discovering what works best by appropriating substantial new resources dedicated to carefully crafting major experiments nationally. Create a national competition. Induce governments, companies, and public and private education and training organizations to collaborate to discover new frameworks, practices, and delivery systems. Give workers the purchasing power to invest in their own futures with resources which they can direct. Evaluate the results. Then build both a more encompassing policy framework and a new delivery system informed by the knowledge of what works.

I appreciate the opportunity to appear before you this morning and welcome the opportunity to answer any questions you may have of me.

Chairman **Williams**. Thank you all very much. I will withhold my questions until my colleagues have asked theirs.

I will call on my colleagues in the order in which they were able to arrive at the hearing, but let me begin with the Ranking Member, Mrs. Roukema.

Mrs. **Roukema**. Thank you. I appreciate the testimony of the panel this morning. You have provided us with an interesting and challenging array of observations here.

My general approach to this, while I might not agree with every detail of the administration's proposal, as I expressed at the beginning, is that it is something we can all work out in terms of the organization of it. I think we can come very close to that.

The funding level may be another matter. I don't know about that.

But I am interested in some of the observations. I especially appreciate the fact that Mr. Tetro anticipated my own observation that this is just not a defense industry question, this is systemic in terms of downsizing and reorganization and technological advances resulting in downsizing across the board, whether it is Procter & Gamble, IBM or defense or whatever.

So it is a major economic reorganization of our economy that we are looking at, and it is systemic.

I believe, Admiral Watkins, that I understood you, and I just want you to verify because I think it is a useful observation, that, in addition to the national task force that you recommended or you observed the need for and the shared funding, you did observe that we can presently use existing military functions and facilities—defense facilities as a focus for training. Is that not correct? And the same personnel, et cetera? Was that not your observation?

Admiral WATKINS. We have the potential, Mrs. Roukema, but I am not sure that we have the legal authority. I think every time we get into where we want to share facilities we have the threat of litigation. How can you get the buses on base with the skilled workers so you can train them? Who will be liable if the bus runs into a building? It goes on and on like that. It may be so—an area that needs clarification, at least for some period of time, where we can share those facilities.

Mrs. ROUKEMA. But you would be in favor of that?

Admiral WATKINS. Absolutely. Not only are the facilities being shut down, but those not being shut down are not utilized fully. We are cutting down on the demands of the training which is the largest organization segment in the military. In the Navy training represents a quarter of your investment.

Mrs. ROUKEMA. Are we too late or can we salvage most of it?

Admiral WATKINS. I don't think we are too late. It should be set up as a matter of priority in the Nation permanently. I believe the skill mismatch issue is going to be with us from now on.

Mrs. ROUKEMA. I do, too.

Admiral WATKINS. The Department of Labor estimated that every skilled worker will have to be retrained probably five times if they are going to keep a job—over their lifetime.

Mrs. ROUKEMA. I hope it is not that dismal, but I agree with you that, for the indefinite future, we will need this training.

The Rocky Flats example you gave was particularly elucidating. I appreciate that.

But I want to ask the more general question which I alluded to at the beginning of my statement—in my opening statement—and that is, if we develop a more equitable and comprehensive displaced worker program where are the jobs going to be and how do we train them?

In your programs, those represented here, what are you doing to find the new employment opportunities in the growth industries? In that regard, Mr. Starr referred to the fact that—he said, it should be done on a one-on-one basis. He didn't think that the vouchers and the stipend approach will work.

I agree with you. I don't think it is a good approach. But can you link the two? How do you find the jobs? How do you get the training? Does anyone just go out to any proprietary school?

That is your reference to the voucher system and the deficiencies of that voucher system. After all, proprietary schools or even two-year technical colleges were not necessarily the best people to identify where the training is needed without the other linkage. This is the nub of the problem so far as I can tell.

Mr. Starr.

Mr. STARR. Thank you. I tried to answer that——

Mrs. **Roukema**. I took most of the time. The Chairman will be liberal with the time since I am the only one on the minority side—won't you, Mr. Chairman?

Mr. **Starr**. The magnitude of the layoffs at Boeing are enormous. I talked recently with a Boeing executive about utilizing and working with us as a system. He point-blank asked me what the heck I was going to do to take 14,000 well-skilled Boeing production workers who are making $17 an hour and put them out for training. To be honest about it, I fumbled around for a while, and I had to go back and regroup my thoughts.

I can't answer your question directly. But what we do, we don't think 14,000. We think of an individual, who that person is, what their skills and abilities are and look at the array of offerings in our community. We have 10 community colleges and vocational schools, 50 or 60 different training activities, plus proprietary schools, and with a staff person and the client, to research around his needs with whatever available labor market we do have and match that person to a particular curriculum in an existing program.

What you hold in the future, as far as biotechnology and the rest, I can't anticipate that, and I can't match them even if I knew what they were. I can't match them on the bases in time. We try to match a person with a curriculum that may be 60 or 70 different kinds of offerings in our community.

I cannot anticipate what kind of skills are going to be—I can anticipate in general terms, in critical thinking skills and all the rest, but I don't know what the exact skill requirements for an employer in engineering will be—or in genetic engineering will be. We train in what is available.

Mrs. **Roukema**. Mr. Tetro.

Mr. **Tetro**. If I could add to that a couple thoughts.

One is that I think frequently, as we are living life—because it all ends up back in the local or regional labor market—it doesn't look as awesome as that.

As you described, there is a lot of activity taking place. Frequently, the fastest growing occupations don't create that many jobs, and we need the training where most of the jobs are available. That is not as hard because most of the jobs are not to bring in new jobs, they are replacement jobs such as in the health care industries and manufacturing industries and in emerging start-ups.

I think that, beyond what we currently do as a Nation, we really ought to look much more systematically at supporting start-ups. Typically, start-ups, where there are real possibilities for new employment to be created, are under-supported on the human resource side. It is usually an engineer with a good idea and some modest capital who doesn't have the time or infrastructure to support the development of a workforce. A lot of those enterprises fail on that basis.

I think that, as we start to see what the Federal Government does, the State government and what local delivery systems do, we can get at that better. If the framework is established within the States, we can make those kinds of connections far more effectively with a well-constructed system for delivery.

Mrs. Roukema. Let me just ask a quick question, Mr. Chairman. I will be quick, and I think the answer is no.

Do you have statistical data on the placement records?

Mr. Starr. Yes.

Mrs. Roukema. If you would share that with the committee, we would be happy to have that.

[The information referred to follows:]

PIC

Seattle-King County
Private Industry Council
Market Place One, Suite 250
2001 Western Avenue
Seattle, Washington 98121
(206) 448-0474
(206) 448-0484 FAX

Joint Executive Board

Norman B. Rice, Chair
Mayor, City of Seattle
Tim Hill
County Executive, King County
Greg Nickels
Councilman, King County
Martha Choe
Councilmember, City of Seattle
[illegible]
Mayor, City of [illegible]

Private Industry Council

[illegible]

A Partnership between Seattle-King County and the Private Industry Council

[illegible]
Executive Director

September 14, 1993

Mr. Jon Weintraub
Staff Director
Labor-Management Relations
320 Cannon House Office Building
Washington, DC 20515

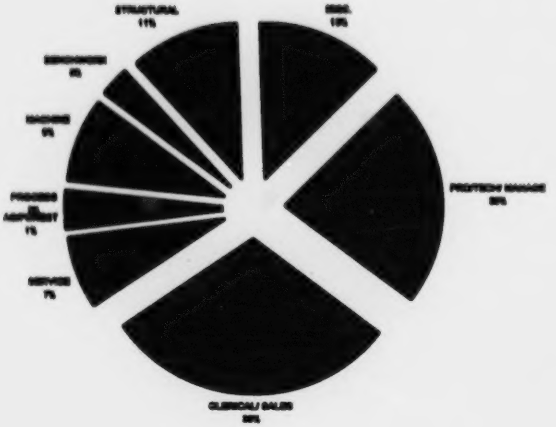
Dear Jon,

Representative Roukema asked for information on the kinds of jobs that dislocated workers find after they have received readjustment or retraining services through our EDWAA program in Seattle and King County. I am sorry for the delay in providing the information. As I mentioned in my message to you, we spent the past several weeks loading and debugging new software for our data system and could not enter data or produce reports. What follows is a short analysis of our job placement experience and then, separately attached, a raw listing of all of the job placements that we have made from 1990 through June of 1993.

Where are we placing dislocated workers?

Much of the downsizing/displacement in our area has effected skilled workers. Consequently it is not surprising that the majority of the people we work with in the EDWAA programs are placed in skilled jobs. Nearly a quarter of our placements are in the professional, technical, and managerial occupational classifications. Another fifth of our placements are in the skilled machine and structural trades, and we expect this to increase. Thirty percent of our placements are in clerical and sales occupations. Very few of the placements are in natural resource, processing, or benchwork occupations. The graph below summarizes the broad occupational distribution of 1069 Seattle-King County EDWAA placements.

PIC



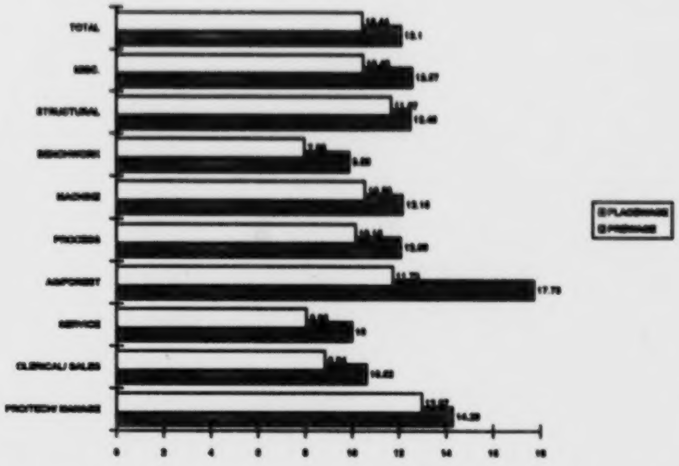
Many of these placements are jobs that have been with us for a long time, while a healthy sample are the "Jobs of Tomorrow" or have significant new technology skill content. For example, within the clerical sub category we are placing people in traditional clerical job titles which now have significant computer and software skill requirements. The same is true for many of our placements in the machine and structural occupations; the skill content changes but the job title stays the same.

PIC

Are the PIC's dislocated workers recovering their earnings?

On average our dislocated workers acquire jobs paying 86 percent of their last hourly wage before they were dislocated. This means they are initially losing about $1.66 an hour. This loss is understandable given that many dislocated workers leave jobs at high wage grade levels and come into their placement jobs at low or entry wage steps. On balance we feel that this level of wage recovery is pretty good. However, it is not clear whether our current high level of wage recovery will persist in the face of an increasing unemployment rate and the impending step-up in Boeing layoffs.

There is some variation in wage recovery between the gross occupational categories as the bar chart below shows. For example, the largest gap between layoff wage and placement after EDWAA occurs for the few workers placed in jobs in the agricultural and forestry category. These workers are losing $6 an hour on average but their placement wages are still higher than our overall placement wage for this set of dislocated workers.



- Our program has done fairly well in placing displaced workers in the professional, technical and managerial category. Examples of PIC placement jobs in this category include...

  Quality Engineer
  Electrical designer
  CAD drafter
  Tool designer
  Production scheduler
  Water service tech
  Teacher
  Production director
  Accountant
  Purchasing officer
  Office manager
  Credit analyst
  Planner

Among other things, close attention to assessment, taking the time to understand subtle differences in the different occupational labor markets and just looking like a "professional" placement organization contributes to our success in these areas.

Our relative success in placing skilled workers relies on the same set of factors with an important addition. Our experience with skilled workers suggests that the keys to helping these displaced workers get "tomorrow's" jobs are 1), carefully identifying transferable skills and 2), filling the individual worker's incremental skill training needs to qualify the worker for the new and growing jobs.

I hope that this information is what Representative Roukema wanted. If she or any other member of the committee desires further information, please didn't hesitate to ask. Again, thank you for asking me to testify at the oversight hearing. It was an interesting and challenging two hours. I believe that we have put together a quality dislocated worker program in Seattle and King County, one that we always seek to improve.

Sincerely,

Alfred Starr
Executive Director

EDWAA PLACEMENT JOBS BY DOT AND WAGE

19-Aug-93

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
1	DESIGNER	TDG	$8.00	9/23/91
	QUALITY CONTROL LAB	ARTCRAFT PRINTING COMP	$8.75	3/30/93
2	AEROSPACE ENGINEER	US DEPT OF TRANSPORTATI	$21.83	7/15/90
	SENIOR QUALITY ENG	TYEE AIRCRAFT INC	$19.16	1/29/90
3	COMPUTER TECH	EGG HEAD SOFTWARE	$15.00	11/16/90
		PARKER SERVICES	$15.99	8/10/92
	DRAFTER	PACCAR SALES NO. AMERIC	$15.50	9/8/92
		ERIKA JAMES	$20.00	2/19/92
	ELECTRICAL DESIGNER	BECHTEL	$29.46	9/20/91
	ELECTRICIAN	METRO TRANSIT	$20.19	7/1/91
	ELECTRONIC TECH	LIVINGSTON INC.	$10.70	8/10/92
	ENGINEER	APPLIED PRECISION INC	$13.00	1/8/90
		HOSPITAL CENTRAL SERVI	$15.60	10/9/91
		WARD'S PCKING	$25.00	5/1/91
	INSTALLING TECH	E-Z INTERFACE	$10.00	9/1/92
	LEAD ELECTRONIC TECH	DBA	$8.50	12/6/89
5	DESIGNER	JOHNSON CONTROLS	$17.00	2/15/93
	ENGINEER	METRO MUNICIPALITY OF S	$17.82	5/20/91
	ENGINEER/OPERATOR	ARELLA WOOD WORKING	$12.00	8/20/90
7	DRAFTER	SIGNAL EQUIPMENT	$12.00	1/2/92
	DRAFTER/CAD	PUGET SOUND TENT & AWN	$9.63	7/27/92
	ENGINEER TECH	CITY OF MONROE	$11.53	2/14/91
	ENGR TECH AIDE	INDEX INDUSTRIES INC	$8.50	10/2/89
	ENGR TRAINEE	TECHNICAL SYSTEMS INC	$15.00	6/14/90
	N/C PROGRAMMER	BOEING	$31.00	3/4/92
	TOOL DESIGNER	EWING TECH SYSTEMS	$24.50	12/10/90
10	DEVELOPMENT ASSOC	JOHNSON MATTHEY	$33.00	2/6/91
	MAINTENANCE ENGINEER	NORTHWEST HOSPITAL	$10.18	4/1/91

DOT	JOB TITLE		PLAC_HRLY_	PLAC_START
10	SURVEYOR FIELD ENG	DBM FOUNDATIONS J.V.	$17.00	6/4/90
11	BILLING CLERK	DONALD R JOONDEPH DDS,	$11.25	3/20/90
	QUALITY CONTROL	WEDGE ENGINEERING	$12.87	12/13/91
12	ANALYST	BOEING	$9.62	7/27/90
	AUTO CAD DESIGN	ELLIOT BAY DESIGN GROUP	$12.00	10/24/90
	COMPUTER PROGRAMMER	THE BOEING CO	$8.87	9/24/90
	DESIGN ENGINEER	CRYSTTALITE INC	$21.00	3/20/90
	MANUFACTURING ENG	THE BOEING CO	$15.39	11/10/89
	PRODUCTION SCHEDULER	ALFA GRAPHICS	$9.13	1/8/90
	PROGMMR/ANALYST	BOEING COMPUTER SERVIC	$9.62	11/8/90
	PROGRAMER	ATTACH MATE	$11.54	8/1/90
	PROGRAMMER/ANALYST	BOEING CO	$10.35	10/3/90
	QUALITY ASSURANCE	HOWARD S. WRIGHT COMPA	$24.00	1/6/92
15	DESIGN CHECKER	GLOBE ENGINEERING	$17.00	1/3/91
17	DRAFTER	GREEN RIVER COMM.COLL	$7.00	1/11/93
		BOEING CO	$8.05	8/3/90
		RED DOT CORPORATION	$8.50	6/2/92
		ECA ENGINEERS CORPS OF	$9.00	3/12/90
		GEAR WORKS	$11.75	6/1/92
		PACCAR INC	$13.30	12/31/92
	DRAFTER, TOOLING	PARAGON DESIGN GROUP	$14.00	7/31/92
	SENIOR DRAFTER	PYRO INDUSTRIES	$15.00	2/2/93
18	COMPUTER PROGRAMMER	PHYSIO CONTROL CORP	$15.00	9/8/90
19	TEACHER/JR HIGH	AUBURN SCHOOL DISTRICT	$11.00	9/24/92
	TECHNICIAN	ROCKET RESEARCH	$14.35	12/11/90
30	CLIENT SVC REP/ANALY	KIBBLE & PRENTICE, INC	$13.46	3/23/90
	D BASE PROGRAMER	BOEING COMPANY	$13.94	10/1/90
	PROCESS CONTROL ENGR	LUXAR	$25.00	6/8/90
	PROGRAMMER	WESTIN HOTELS	$14.42	6/26/91
	PROGRAMMER ANALYST	BOEING COMPUTER SERVIC	$10.81	3/29/91

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
20	SOFTWARE TESTER	MICROSOFT	$12.02	3/12/90
	SYSTEMS ANALYST	BOEING COMPUTER SERVIC	$20.30	1/8/90
22	CHEMICAL TECHNICIAN	SOUND ANALYTIC SERVICE	$10.00	7/31/91
29	ENVIRNMENTALIST II	DEPT OF ECOLOGY	$12.74	3/7/90
	WATER INSPECTOR	SEATTLE RENDERING WOR	$10.00	8/13/89
	WATER SER TECH	KING CO WATER DIST #107	$11.06	7/1/91
30	COMPUTER OPERATOR	FOOD SERVICE OF AMERICA	$11.06	11/23/92
	PROGRAMMER	CALIFORNIA INSURANCE O	$16.00	1/18/93
31	SYSTEMS ANALYST	SEATTLE FIRST NATIONAL	$13.00	6/23/93
40	GROUNDS KEEPER	SALISH LODGE	$6.00	10/1/90
41	WETLANDS CONSULTANT	ENVIRONMENTAL CONCER	$15.00	6/16/92
45	COUNSELOR	K C/CEDAR HILLS TREAT.	$9.50	10/1/91
	COUNSELOR AID	THUNDERBIRD TREATMEN	$6.30	10/1/91
71	MASSEUSE	BLISS DANERI	$15.00	6/12/92
75	MEDICATIONS NURSE	CASCADE RETIREMENT CE	$11.00	11/30/91
	NURSE	MADELINE VILLA	$15.50	1/4/93
78	RADIOLIC THERAPIST	VIRGINIAL MASON HOSPITA	$15.86	8/12/92
79	DENTAL ASSISTANT	AUBURN FAMILY DENTAL C	$11.50	7/1/91
	PATIENT SCHEDULER	VIRGINIA MASON CLINIC	$8.47	12/29/89
	SURGICAL TECH	CHILDREN'S ORTHOPEDIC H	$14.00	2/11/91
	TRANSCRIPTIONIST MED	TRANSCRIPTION PRN	$10.00	6/29/91
91	ASSEMBLER LASER	LUXAR CORP	$7.75	8/31/90
	SECONDARY TEACHER	SPANAWAY SCHOOL DIST	$10.00	9/4/90
	SUBSTITUTE TEACHER	SEATTLE PUBLIC SCHOOLS	$12.00	10/8/90
		HIGHLINE SCHOOL DISTRIC	$12.50	4/8/91
92	ELEMENTARY TEACHER	LK WASHINGTON SCHOOL	$17.75	2/1/93
	PRESCHOOL TEACHER	TRIANGLE MONTESSORI	$7.81	7/26/93
96	EQUIPMENT SPECIALIST	ASH GROVE CEMENT	$11.25	5/4/92
	MARKET RESEARCHER	MARC RESEARCH CENTER	$6.00	12/23/90
97	VOCATIONAL INSTRCT	SOUTH SEATTLE COMM CO	$15.50	9/21/92

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
99	CAMPUS DIRECTOR	ETON TECHNICAL INSTITU	$13.73	3/8/91
	PRINCIPAL	SEATTLE PUBLIC SCHOOL	$23.74	1/9/91
	STAFF SPECIALIST	LEARNING CENTER	$6.50	10/1/90
	TEACHER	PEACE CORPS	$4.50	6/14/93
100	ASST LIBRARIAN	MILTON SCHOOL DISTRICT	$9.92	9/21/92
	LIBRARIAN TECH.	KING COUNTY LIBRARY	$8.97	9/20/91
	UNIT MANAGER LIBRARY	MEAD DATA CONTROL	$8.00	3/12/90
109	RESEARCH ASSIST	UNIVERSITY OF WASHINGT	$9.50	4/9/90
119	ESCROW OFFICER	COAST EXCHANGE MORTA	$13.00	4/22/91
	ESCROW/OFFICER	PRECISE ESCROW INC.	$6.60	7/31/91
	LAW CLERK	PERKINS COIE	$7.25	9/29/92
	LEGAL ASSISTANT	LAW OFFICE OF DAVID KAS	$7.50	7/12/93
	PARA LEGAL	RICHARD ANTHONY/SELF E	$10.00	1/23/92
	PARA-LEGAL	REVELLE, RIES AND HAWKI	$10.38	3/18/91
131	DIRECTOR TECH SVCS	SIGNAL EQUIPMENT	$15.14	7/22/91
	TECHNICAL WRITER	NINTENDO OF AMER. INC.	$14.58	12/10/91
132	COPY EDITOR/COMP OPR	SEA-LAND SERVICE INC	$11.50	3/23/91
	DESKTOP PUBLISHING	THE EVERETT DAILY HERA	$9.38	6/14/91
137	FOREIGN LANG INSTRUC	AMERICAN CULTURAL EXC	$10.94	6/23/92
141	ADVERTISING MANAGER	SELDEN'S FURNITURE	$15.62	8/24/92
	DESIGNER	NORDSTROM	$14.75	9/14/92
	DIGITIZLER INPUTS	GEONEX NORTHWEST	$6.20	1/14/91
	GRAPHIC DESIGNER	EGGHEAD	$30.00	9/21/92
	PASTE UP WORKER	AMERICAN SPEEDY PRINTI	$9.50	4/30/91
143	PHOTOGRAPHER	ROYAL PHOTOGRAPHY	$8.00	3/13/91
152	GUITAR PLAYER	JOSEPH SANTOS	$10.00	8/19/91
159	A.C. COUNSELOR	RAINIER STATE SCHOOL	$10.05	7/22/91
	PRODUCTION DIR.	KPAX - AM RADIO	$15.00	10/1/91
160	ACCOUNTANT	COSTCO WAREHOUSE	$11.53	6/23/90
		BILL HATCH SPORTING GO	$11.34	11/1/90

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
160	ACCOUNTANT	CARRIAGE HOUSE TOURS O	$12.50	2/4/91
		SEATTLE PAINT AND DRYW	$14.00	3/30/93
		INTERMEC CORP	$17.31	10/31/89
	ACCOUNTING ASSISTANT	FAMILY SERVICES	$9.50	4/12/93
		TRI GRAPHICS	$12.02	9/28/92
	ACCOUNTING SUP	CHEMPRO	$15.86	1/11/90
	ADMIN ASSISTANT	CHAM HILL INC	$10.21	9/14/89
	ASST. CONTROLLER	COLORES INTERNATIONAL	$10.63	6/22/92
	CLRK-GEN OFFICE MGR	WESTERN NUCLEAR INC	$15.07	6/20/90
	CONSULTANT ENGINEER	ALLIANT TECHSYSTEMS IN	$15.00	8/1/90
	CONTRACTS SPEC	WA MUTUAL SAVINGS BAN	$10.17	6/18/90
	CONTROLLER	LA HAYE LABORATORIES	$24.00	2/1/90
		HALDA CORPORATION	$26.44	7/5/93
	COST/ACCTG MGR	SEATTLE SILICON CORP	$20.19	5/15/90
	CREDIT COORDINATOR	VWR INC	$10.96	2/1/90
	FINANCIAL CLERK	SWEDISH HOSPITAL	$9.26	5/6/91
	OFFICE BKKPR/ACCTNT	DATA KEEP	$8.73	1/27/90
	OFFICE MANAGER	BROWNS CARPET	$12.50	6/30/91
	PRODUCTION ASSOC	MICROSOFT	$6.95	2/19/91
	TAX ACCOUNTANT	CHEMICAL PROCESSORS IN	$15.51	3/15/90
	TAX MANAGER ST & LCL	INTER MEC CORP	$24.04	3/5/90
161	CREDIT COORDINATOR	VAN WATERS & ROGERS IN	$10.50	7/2/90
	MANAGER-RECORDS	TENDER BRANCH FOUNDAT	$5.76	5/15/90
162	BROKER	JOHN BOLANES	$10.00	3/6/91
	BUYER	NAVY RESALE & SERVICES	$13.85	7/2/90
	MANAGER	CITY OF BELLEVUE	$14.00	6/30/91
	PURCHASING ASSIST	LUNDSTEAD OFFICE FURNI	$7.50	4/2/90
	SALES ASSOCIATE	NORDSTROM	$10.50	3/24/93
163	CLASSIFIED MANAGER	SENIOR SPECTRUM	$8.00	4/14/93
	CLERK	LAKESIDE MERCER DRUGS	$7.94	9/6/92

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
163	SALES ADMINISTRATION	NORTHWESTERN IND INC	$13.00	2/3/90
	SALES MANAGER	HOLIDAY INN SEA TAC	$16.50	4/23/93
	STORE MANAGER	GIAMPLER LEATHERS	$5.00	1/18/91
164	ACCOUNTANT	PACIFIC HEALTH PLAN	$11.34	5/7/90
	INSURANCE BROKER	EASTRAC SYSTMES INC	$11.00	9/2/92
165	PUBLIC RELATIONS	EVANS KRAFT BEAN PUBLI	$11.55	3/25/91
166	ASSISTANT MANAGER	STERLING PARK CENTER	$8.75	9/24/92
	FINANCIAL ANALYST	GULF AMERICAN FINANCIA	$15.87	6/6/90
	HUMAN RESOURCES MGR	BANK AND OFFICE SERVICE	$16.00	5/11/92
	SITE SUPPORT	P MURPHY	$18.00	8/25/92
	TRAINING FACILITATOR	WASHINGTON MUTAL BAN	$13.42	11/2/92
168	COLLECTION MANAGER	THE BON MARCHE	$13.46	3/5/91
	CONSTRUCTION SUPER	BRIDGEWAY CONSTRUCTIO	$14.87	4/1/93
	INSPECTOR	MINI SYSTEMS ASSOC.	$23.41	9/23/91
	SAFETY INSPECTOR	NORDIC REFRIGERATION	$12.50	9/9/91
	SR CREDITS COUNSELOR	PACIFIC FIRST BANK	$14.00	6/17/91
169	ADMIN ASSISTANT	COLLINS TRANSPORT	$8.99	11/25/91
	ADMIN ASST	WESTERN WASHINGTON SE	$8.50	4/20/91
		FIRST INTERSTATE BANK	$12.50	3/3/93
	ADMIN. ASSISTANT	GREAT WEST LIFE	$8.65	4/8/93
	ADMINISTRATIVE ASST.	SOURCE ONE MORTGAGE S	$10.00	3/19/93
	ADMINISTRATOR SERVIC	WORKING SOLUTIONS INC	$9.14	8/13/90
	EXECUTIVE ASSIST	NETWORK COMMUNICATIO	$10.38	6/25/90
	EXECUTIVE ASSISTANT	EPILEPSY ASSOC. OF WASHI	$7.83	6/28/93
		PACCAR AUTOMOTIVE INC	$11.25	1/31/93
	GENERAL OFFICE	UNITED STEELWORKERS DI	$13.00	10/1/91
	MANAGER	FIRST INTERSTATE BANK	$22.94	1/13/93
	OFFICE ASSISTANT	TRI STATE PLUMBING COM	$8.00	6/9/93
		EMPLOYCO PERSONNEL SE	$9.25	8/2/93
	OFFICE MANAGER	ENVIRONMENTAL CONTRO	$8.00	1/22/90

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
169	OFFICE MANAGER	M & H MECHANIC SYSTEMS	$8.00	10/29/90
		ST PAUL UNITED CHURCH	$10.00	1/5/93
		COURTESY GLASS	$10.60	6/11/90
		EARTH CONSULTANTS	$11.07	6/30/91
		PACCAR AUTOMOTIVE	$14.00	4/26/93
	SERVICE MANAGER	INSOLATE INDUSTRIES	$13.47	7/28/91
	STAFF SUPPORT	SECURITY PACIFIC BANK	$8.63	6/2/90
	SUPPORT ENFORCEMENT	WASHINGTON STATE	$12.00	1/4/91
183	BROKERAGE MANAGER	KEMP AND COMPANY	$13.50	2/17/92
	OFFICE MANAGER	THE OLSTEN CORP.	$10.00	5/23/91
	PRODUCT SUPERVISOR	CONTINENTAL MILLS	$15.87	6/22/91
184	DISTRICT MANAGER	G.T. TRUCKING	$30.00	3/6/91
	MAINT DEPT SUPER	ALASKAN COOPER	$19.50	3/11/91
	MAINTENANCE MECH	CRAFTSMAN PRESS	$17.34	2/12/91
	RESERVATION CLERK	ALASKA AIRLINES	$9.00	5/20/91
	STATION REP	MEXICANNA AIRLINES	$10.38	10/28/91
	STOREKEEPER I	LODEC INC	$5.64	1/18/90
	WAREHOUSE MANAGER	SYSTI-MATIC	$12.50	4/3/90
185	MANAGER/OWNER	HAYEKS LEATHER FURNITU	$20.00	12/16/92
186	CLAIM MANAGER	PACIFIC MEDICAL CENTER	$10.85	8/1/92
	COLLECTIONS OFFICER	SECURITY PACIFIC	$9.23	4/1/91
	COMPLIANCE OFFICER	FIRST FEDERAL SAV. & LOA	$14.06	4/1/92
	CONTROLLER	CAYLX SOFTWARE LTD	$20.19	12/13/90
	CREDIT ANALYST	WESTINGHOUSE	$10.81	10/29/90
	DEPOSIT OPER SUPP SP	WA MUTUAL SAVINGS BAN	$13.50	10/9/90
	JR LOAN PROCESSOR	TRANSCOASTOAL MORTGA	$11.25	12/20/91
	LOAN DELIVERY SPEC	OLD STONE MORTAGE CO	$9.23	5/4/91
	LOAN OFFICER	FIRST INTERSTATE BANK	$8.36	3/12/93
	LOAN SERVICER	SECURITY PACIFIC	$9.37	6/10/91
	PERSONAL LINE MGR	US FIDELITY AND GRATUIT	$23.00	6/14/93

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
186	PRESIDENT	LIST INSURANCE SERVICES	$22.00	5/13/90
	PROJECT ASSISTANCE	HART KROWSER	$11.87	1/2/91
	REAL ESTATE AGENT	CALDWELL BANKER	$9.62	4/19/93
	REAL ESTATE LOAN OFF	PRUDENTIAL NW INVESTM	$14.14	9/3/91
187	CATERER	NW CATERING	$15.00	5/3/91
	DELI WORKER	SAFEWAY	$8.25	12/14/91
	MANAGER	FRAGARANCE WORLD	$8.50	5/11/90
		BRENNERS BAKERY AND D	$10.00	3/27/93
	REGISTERED NURSE	STEVENS MEMORIAL	$19.00	1/14/91
	SERVICE MANAGER	BALLARD COMPUTER INC	$11.53	4/7/90
188	ACCOUNTS CLERK	FREDERICK & NELSON	$6.90	7/1/91
	APPRAISER TRAINEE	DAILY APPRAISING COMPA	$15.00	10/8/91
189	CONSULTANT	SELF	$20.00	3/21/91
		TRUKA ENGINEER CO	$28.00	9/11/90
	CUSTOMER SERVICE	CONTINENTAL AIRLINE	$9.50	8/19/91
	DIRECTOR, CUST SERV	ALASKA COMMERCIAL CO.	$13.49	7/1/91
	FLEET COORD/ASST MGR	SUPER MECHANICS	$7.50	4/24/90
	MANAGER	CONTINENTAL DELI	$8.65	1/2/91
	MANAGER-P/T DISTI.TN	SEASONAL INDUSTRIES INC	$21.64	6/18/90
	MANAGER/OWNER	SOUND SCREEN	$11.54	7/1/90
	MARKETING DIRECTOR	U OF W-CHANNEL 27-CABLE	$5.25	10/15/90
	OWNER OPERATOR	MICHAEL MAROS	$27.00	10/1/90
	PLANNER	BROWN & HALEY	$13.94	2/12/90
	PROGRAM MANAGER	UNISYS	$31.24	11/9/92
	SEC STAFF/INTERVIEW	UNIV STAFF EMPLOY OFFIC	$12.40	7/8/91
	SECURITY OFFICER	NORTHWEST SECURITY SS	$6.50	3/3/91
191	APRAISAL TRAINEE	APPRAISAL GROUP	$9.38	8/5/91
	REAL ESTATE APPRAIS	PATRICK'S APPRAISAL SERV	$10.50	2/1/92
193	DISPATCHER	ADT SECURITY SYSTEM	$7.35	6/27/91
194	INSPECTOR	SEATTLE FILMWORKS	$6.80	7/29/91

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
195	CASE MANGER	FAMILY COUNSELING OF S	$10.13	3/14/91
197	GROWER/MANAGER	FLOWERS AND FRIENDS	$10.00	4/1/93
	MARINE MECHANIC	INDU-MAR SERVICES	$30.00	3/27/91
199	GENERAL MANAGER	WORLD CENTER TRAVEL	$12.00	6/10/91
	MANAGER	MAY VALLEY MOBILE MAN	$6.00	8/9/91
	OFFICE ADMINISTRATOR	GUISE AND ASSOCIATES	$12.00	6/1/93
	PLANNER	SURFTECH FINISHES CO	$8.50	7/16/90
	RESIDENT MANAGER	BELL RENN COMPANY	$12.50	1/31/92
201	ADMIN ASSIST	QUINTON INSTRUMENTS C	$9.25	6/21/90
	ADMIN SECRETARY	OLD STONE MORTGAGE CO	$16.00	9/10/90
	ADMIN. ASST.	MANLEY & ASSOCIATES	$10.41	6/24/91
	ADMIN. SECRETARY	XEROX BUSINESS SERVICES	$11.77	4/12/93
	CLERICAL	EXPRESS SERVICES	$5.00	10/1/91
	DATA ENTRY LEGAL	SENIOR ESTATE SERVICE	$7.50	10/12/92
	FINANCIAL AID ASST.	SEATTLE VOCATIONAL INS	$8.50	4/13/93
	GENERAL OFFICE	SEARS	$9.11	5/2/90
	MEDICAL RECORDS CLRK	UTAH GENERAL MEDICAL C	$7.20	9/1/92
	MEDICAL SECRETARY	CIGNA HEALTH PLAN OF W	$10.00	6/1/90
	NEWSLETTER COORDINAT	ARTHUR ANDERSEN	$9.00	2/10/92
	OFFICE ASSISTANT	KENT SCHOOL DISTRICT	$7.83	12/18/91
	OFFICE MANAGER	WISS JANNEY ELSTNER INC	$10.13	4/4/90
	RECEPTIONIST	TRIDENT SEAFOODS	$7.81	3/6/91
		ENVIRONMENTAL HEALTH	$7.94	3/27/91
		EAGLE COPY SERVICE	$8.00	11/1/92
		INCO EXPRESS INC	$9.00	12/14/92
	RECEPTIONIST/MEDICAL	INTERLAKE MEDICAL CENT	$7.50	7/27/92
	RECEPTIONIST/SEC	DAYSTAR AT WESTWOOD	$8.00	8/6/90
	SALES DEPT-SECRETARY	EASTMAN KODAK	$10.00	6/4/90
	SECRETARY	WEYERHAUSER TECH CENT	$7.00	3/8/90
		NALLEY'S FINE FOOD	$7.00	11/15/90

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
201	SECRETARY	VORNBROCK AND SONS CO	$8.00	6/30/93
		G COMPANY	$8.65	12/2/90
		EHD COMPANY	$8.81	7/1/92
		ALASKA AIRLINES	$10.09	1/2/90
		ABF FREIGHT SYSTEMS INC	$13.25	12/3/90
	SECRETARY/BOOKKEEPER	WINGENT & SONS	$8.00	11/4/91
	SENIOR CLERK SPEC	PACCAR	$11.00	6/22/93
	SENIOR SECRETARY	SAFEWAY WAREHOUSE	$10.00	10/15/90
	TECH SERVICE ASST	EAGLE INSURANCE GROUP	$8.15	7/23/93
203	CLERICAL	TAD LIMITED	$6.38	1/11/93
		FEDERAL WAY ORTHOPEDI	$7.50	6/11/93
	CLERK TYPIST	HOUSING URBAN DEVELOP	$7.91	6/17/91
	COMPUTER OPERATOR	BOEING COMPUTER SERVIC	$9.95	9/26/90
	DATA ENTRY	KING COUNTY RECORDS DE	$7.50	3/22/93
		HENKINS CAPITAL CORP	$9.00	10/5/92
		DARIGOLD	$11.00	11/1/91
	DATA ENTRY PERSON	PARKER PERSONNEL	$6.35	8/5/92
	DATA PROCESSOR	PROGRESSIVE FINANCIAL S	$9.00	7/19/93
	DOCUMENT PROC LEAD	AIRBORNE EXPRESS	$9.50	10/22/90
	GENERAL CLERICAL	SEATTLE PUBLIC SCHOOL D	$6.99	4/30/90
	LEGAL CLERK	SKELLINGER BENDER & M	$13.50	7/6/92
	LEGAL RECEPTIONIST	ETTER AND MCMAHON PS	$7.79	1/21/91
	LOAN PROCESSOR	ALL AMERICAN MFG	$10.93	3/3/93
	MED. TRANSCRIPTION	VALLEY MEDICAL	$9.36	9/11/91
	MEDICAL TRANSCRIPT	VIRGINIA MASON HOSPITAL	$8.30	10/21/91
	OFFICE ASSISTANT 2	UNIVERSITY OF WASHINGT	$9.46	7/15/93
	OFFICE CLERK	RELIANCE INSURANCE CO	$6.00	2/3/92
	OFFICE TECH	PRIVATE INDUSTRY COUNC	$8.80	6/3/93
	PARALEGAL	LANE POWELL MOSS MILLE	$10.00	6/26/90
	WORD PRCESSING	UNIFORCE TEMPORARY SE	$10.15	3/14/90

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
203	WORD PROCESSING	VOLT TEMP PROCESSING	$7.00	10/28/90
	WORD PROCESSOR	SEAFIRST LOAN SERVICE C	$8.20	6/1/93
		EGGHEAD SOFTWARE	$9.50	6/1/92
		ZETEC INC	$10.38	2/2/93
205	ACCOUNTS CLERK	AMERICAN EAGLES INC	$9.50	10/8/91
	CLERK/PARTS DEPT	NORTHWEST MARKETING	$9.00	10/28/91
	CONTRACT SPECIALIST	NO PACIFIC ASIAN COUNCIL	$8.50	12/30/92
	CREDIT ASSISTANT	WESTERN CABINET	$10.55	1/9/90
	CREDIT CCLERK	FIRST INTERSTATE	$8.00	2/2/93
	GAME PLAY COUNSELOR	CDI - WEST	$7.25	2/25/92
	INTERVIEWER	BEACH NURSING SERVICE	$6.92	11/19/90
	MEDICAL COLLEC CLERK	MEDICAL MANAGEMENT S	$8.07	5/10/91
	ORDER ENTRY CLERK	PACIFIC PIPELINE	$7.00	1/23/93
	PAYMENT PROCESSOR	FIRST INTERSTATE BANK	$7.50	11/1/92
	SUPERVISOR	U.S. RESEARCH	$7.35	2/27/92
206	FILE CLERK	US DEPT OF LABOR	$6.27	12/30/91
	FILE ROOM PERSON	KENT MEDICAL CENTER	$5.61	4/23/90
	GENERAL SPEC I	SECURITY PACIFIC BANK	$7.15	4/23/90
207	MICROGRAPHIC OPER	UNIVERSITY HOSPITAL	$5.00	2/8/93
208	MAIL ROOM OPER	BLUE CROSS OF WA & ALAS	$7.00	5/7/90
209	CLAIMS EXAMINER	KING COUNTY MEDICAL BL	$6.22	11/13/89
	CLERICAL	GREAT NORTHERN INSURE	$8.25	10/8/89
	CLERK	TODAY'S TEMPORARY	$5.35	4/24/90
		HIGHER EDUCATION ASSOC	$7.00	11/4/91
		VOLT SERVICE CORP	$7.25	4/1/91
		PUBLIC EMPLOYEES MUTU	$7.76	5/29/90
	CLERK GENERAL	EVERGREEN CASE TOOLS	$7.00	2/19/90
		SEATTLE SCHOOL DISTRICT	$7.49	4/11/91
		VOLT SERVICES	$7.30	3/23/91
		PACE NETWORK INC	$8.50	12/18/90

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
209	CLERK GENERAL OFFICE	KELLY SERVICES	$6.50	2/11/91
	CLERK TYPIST	BOEING EMPLOYEES CREDI	$9.50	6/3/91
	CLERK-GENERAL	MANPOWER INC	$6.50	3/4/91
	COLLECTION REP	BON MARCHE	$9.19	11/16/90
	CORP MAIL PERSON	NINTENDO ENTERTAINMEN	$6.00	1/25/90
	CREDIT REP.	VOLTS TEMPORARY SERVIC	$10.00	1/20/92
	DATA ENTRY	KRAFT FOOD SERVICE	$7.50	7/18/91
	DATA ENTRY CLERK	MANPOWER	$8.68	1/29/91
	DRIVER/SORTER	UNITED PARCEL SERVICE	$10.00	6/11/90
	FOLLOW UP CLERK	BOEING CO	$8.38	6/8/90
	GENERAL CLERICAL	AIRBORNE EXPRESS	$7.25	4/3/90
	INTERN	CITY OF SEATTLE WATER Q	$9.51	10/22/90
	MAIL ASSISTANT	TVI INC	$6.00	3/3/93
	MAIL ROOM CLERK	THE SEATTLE TIMES	$7.00	8/8/89
	MARKETING ASSISTANT	MUTUAL MATERIALS COMP	$7.00	8/1/91
	OFFICE ASSISTANT	BELLEVUE COMMUNITY CO	$8.50	12/30/91
	ORDER PULLER	NORTHWEST GROCERY	$9.00	2/15/91
	PRODUCTION CLERK	SALMON BAY STEEL CO	$11.50	5/13/91
	PROOF READER	SAFECO INSURANCE	$8.00	1/27/92
	RETURNS CLERK	ASSOCIATED GROCERYS	$9.00	7/28/90
	SKIEM CLERK	POST OFFICE TERMINAL BR	$6.81	3/25/90
	UNIT CLRK GEN OFFC	NORTHWEST HOSPITAL	$9.50	3/11/91
210	ACCOUNTING CLERK	HFI FOODS INC	$7.50	7/16/90
	AUDIT CLERK	SEARS	$6.55	6/23/90
	BOOKKEEPER	KENNY'S AUTO REBUILD	$5.50	9/14/92
		ALL AROUND TRAVEL INC	$7.83	6/6/90
		REMAX MARINE VIEW PROP	$9.23	5/7/90
		LINDA MAGNOTTI	$10.00	12/30/90
		KIRO INC	$15.75	3/14/90
	CNSMR SPPT SPEC III	SECURITY PACIFIC BANK	$7.60	6/11/90

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
210	COLLECTOR	SECURITY PACIFIC	$11.25	5/7/90
	PAYROLL CLERK	PACIFIC MEDICAL CENTER	$9.50	6/23/92
211	ASST. MANAGER	QUALITY FOODS CENTERS	$11.00	7/5/91
	CASHIER	K-MART	$4.35	9/4/90
		FRED MEYER	$5.50	8/13/92
		BARTELL DRUGS	$8.30	1/19/93
	CASHIER CHECKER	COSTCO WHOLESALERS	$6.25	10/8/90
	CASHIER/CLERIAL	EVERETT HOUSING AUTH S	$8.30	9/14/90
	COMM NOTE TELLER	SECURITY PACIFIC BANK	$9.50	4/23/90
	GRAPHICS SECRETARY	ARTS COMMISSION KING C	$7.00	7/16/90
	RETAIL CLERK	PETER K S	$7.50	4/21/92
	TELLER	BOEING CREDIT UNION	$8.25	6/3/91
213	COMPUTER OPER/PRGRMR	TACOMA GNERAL HOSPITA	$11.00	6/4/90
	COMPUTER OPERATOR	ASSOCIATED GROCERS	$10.23	4/11/91
		COSTCO	$10.50	4/30/90
		FIRST INTERSTATE BANK	$10.50	1/14/91
	COMPUTER TECH	WIZYWIG	$8.00	8/12/91
	DATA ENTRY OPER	BOEING CO	$8.50	2/14/90
	JR CNTRL CLRK-CMPTR	KING CO MEDICAL BLUE SH	$7.43	8/6/90
	OPERATION ANALYST	PACIFIC FIRST BANK	$12.50	10/28/91
	PROGRAM/ANALYST	UNITED PARCEL SERVICE	$8.23	6/21/91
214	ACCOUNTS PAYABLE	PACIFIC WESTERN INDUSTR	$8.00	7/30/91
	CLERK SALES	LIVING WEEL LADY	$6.00	11/23/90
	CONTRACT CLERK	BP OIL COMPANY	$12.50	9/30/92
	DOCUMENT TECH	CHIYODA INTERNATIONAL	$10.00	4/13/92
215	ACCOUNTANT CLERK	GEORGE BRAZIL PLUMBING	$8.11	6/11/92
	COMMUNICATIONS CLERK	HORMEL	$11.41	3/3/90
216	ACCOUNTANT	ALASKAN COPPER WORKS	$8.50	6/21/93
		SKYLINE STEEL	$10.00	10/26/91
		TRUE VALUE HARDWARE	$12.98	9/8/92

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
216	ACCOUNTIN CLERK	WASHINGTON NATURAL G	$6.50	8/10/92
	ACCOUNTING CLERK	HATCH & LESLIE	$6.25	5/14/90
		FREIDLANDER & SONS INC	$7.41	7/3/90
		VALLEY CITIES MENTL HEA	$8.08	9/1/91
		WASHINGTON ST. CONVEN	$9.00	2/10/92
	ACCOUNTS CLERK	DOLLAR RENT A CAR	$6.50	12/8/90
	ACCOUNTS PAYABLE	BATELL DRUGS	$7.00	8/21/89
		NINTENDO OF AMERICA	$15.00	3/2/92
	ACCOUNTS RECEIVABLE	MICROFILM SERVICES	$9.00	9/28/90
	BILLING CLERK	STATIONARY DISTRIBUTOR	$7.30	10/16/89
	CASH APPLICATOR	RYERSON STEEL	$11.06	2/10/92
	CLERK	NATIONAL HEALTH LABOR	$6.25	6/28/90
	COLLECTOR II	SECURITY PACIFIC BANK	$9.75	5/8/90
	CREDIT ASSOCIATE	CISCO FOOD SERVICES	$14.00	9/30/92
	INVESTMENTS DESK	CONTINENTAL SAVINGS BA	$10.33	12/26/90
	INVOICING/SALES CLER	RAYTHEEN MARINE CO	$7.85	8/13/90
	RATE CLERK	PIE	$12.50	5/23/90
	REIMBURSEMENT ASSIST	HOME HEALTH CARE	$9.00	3/8/90
	STAFF ACCOUNTANT	UNIVAR VAN WATERS & RO	$10.09	3/1/90
		MUTUAL MATERIALS	$12.70	4/2/91
219	ACCOUUNTS PAYABLE	SECURITY MANAGEMENT I	$8.17	9/10/90
	ASSIST CLERICAL	HIGHLINE COMM COLL	$6.80	12/3/90
	CLERK GEN OFFICE	KELLY SERVICES	$6.60	12/1/90
	CUSTOMER SERVICE	UNITED AIRLINES	$8.20	5/28/91
	CUSTOMER SERVISE REP	SEATTLE FIRST NATIONAL	$9.00	1/16/91
	SERVICE ORDER CLERK	US WEST COMM	$7.70	11/26/90
	SYSTEMS OPER TRAINEE	TRICK & MURRAY	$6.50	6/19/90
	TELEMARKETER	VIACOM CABLEVISION	$7.50	5/8/91
221	CUSTOMER SERVICE	FLIGHT TERM SECURITY	$4.60	12/1/91
	EXPEDITOR	HOLLAND AMERICAN TOUR	$7.00	5/14/93

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
221	PRODUCTION CNTRL OPE	LAMONTS CORP	$7.70	10/23/90
	PRODUCTION WORKER	FREIGHT LINER	$8.47	9/1/93
222	ACCOUNTS PAYABLE CLK	PAY N PAK STORES INC	$8.98	1/31/90
	CALLER	COSTCO STORE	$7.00	4/30/93
	MATERIAL HANDLER	PACIFIC LINEN	$5.50	8/7/90
	NIGHT STOCKER	SAFEWAY	$10.00	8/12/93
	PARTS SALESPERSON	GENERAL AUTO WRECKING	$9.50	6/6/91
	PROD SHOPMAN SHIP/RE	FENPRO	$7.50	4/23/90
	PRODUCTION CONTROL A	STEANNS COMPANY	$9.63	12/4/89
	RECEIVING CLERK	SWIM-IN	$7.80	3/7/93
		MERVINS DEPARTMENT ST	$8.50	9/29/92
	SHIPPING CLERK	POOL AND CREW COMMUNI	$6.25	7/13/92
		SALMON BAY STEEL COMP	$12.20	7/1/91
	SHIPPING/RECEIVER	HATCH & KIRK INC	$8.00	4/27/90
	SHIPPING/RECEIVING	LIGHTHOUSE FOR THE BLIN	$8.39	5/2/90
	WAREHOUSE CLERK	ANTHEM ELECTRONICS	$8.10	5/31/91
		COMMERCIAL WAREHOUSE	$10.50	8/28/89
	WAREHOUSE CONTROL CL	INDEPENDENT PACKAGING	$9.68	3/25/91
230	DRIVER/DELIVERY	KRAUSE'S SOFA FACTORY	$10.00	11/15/92
235	DIRECTORY ASSISTANT	U.S. WEST COMMUNICATIO	$9.75	1/3/92
237	EXECUTIVE RECEPT.	CH2M HILL	$10.00	8/26/91
	PBX OPERATOR	HARTFORD INSURANCE CO.	$8.30	10/7/91
	RECEPTIONIST	MANUS TEMP SERVICE	$7.00	9/18/90
		FEDERAL WAY ORTHOPEDI	$7.00	6/11/93
		CHIYODA INTERNATIONAL	$8.17	1/21/92
		6001 COMPLEX	$8.25	7/20/93
		DR ROLAND VAN TRAMP D	$10.00	10/24/90
	RECEPTIONIST MEDICAL	PACIFIC MEDICAL CENTER	$9.20	6/11/90
238	FRONT DESK CLERK	GREENWOOD HOTEL-BEST	$6.00	8/22/90
	HOTEL CLERK	DOUBLETREE INN	$12.95	3/18/91

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
238	RESERVATIONIST	SALISH LODGE	$6.50	5/1/90
	RESERVATIONS AGENT	NORTHWEST AIRLINES	$9.40	2/5/90
	TRAVEL AGENT	TRAVEL EXPERTS	$7.00	5/4/92
239	CUSTOMER SER REP	CITY OF SEATTLE	$10.96	6/1/90
	CUSTOMER SERVICE	MARCHE	$9.00	10/15/90
	CUSTOMER SERVICE REP	KING CO. MEDICAL BLUE S	$9.00	11/4/91
		NETWORK MANAGEMENT I	$9.49	12/14/92
	CUSTOMER SUPPORT	DIGITAL SYSTEMS INTERN	$13.00	1/6/93
	DISPATCHER PLUMBING	INSTANT PLUMBING AND R	$7.50	6/12/90
	OFFICE CLERK	FOOD SERVICES OF AMERIC	$8.63	10/24/91
	SERVICE REP.	U.S. WEST COMMUNICATIO	$12.00	8/15/91
241	ACCOUNT REP	RAYTHON MARINE	$7.88	1/22/91
	CHARGE BACK	SECURITY PACIFIC	$7.85	1/26/91
	CLERICAL	TYEE AIRCRAFT	$4.25	4/16/90
	COLLECTIONS AGENT	LINDEN AIR FREIGHT	$9.23	2/11/91
	COLLECTIONS OFFICER	PROTECTIVE SYSTEMS INC	$6.00	10/29/89
	CREDIT COLLECTION CL	BUDGET RENT A CAR	$7.00	10/4/90
	CUSTOMER SERVICE	PACIFIC RAIL SERVICES	$9.38	7/1/91
	CUSTOMER SERVICE REP	BALBOA LIFE & CASUALITY	$6.30	1/22/90
		U S WEST CELLULAR	$10.00	5/7/90
	INSURANCE CLERK	SAV-ON INSURANCE	$8.00	2/16/93
	LIBRARY TECH	UNIVERSITY OF ASHINGTO	$8.80	3/12/90
	RES LOAN REVIEW SPEC	WASHINGTON MUTUAL SA	$15.00	5/9/90
243	MAIL ROOM PERSON	SEATTLE TIMES	$8.00	6/13/93
245	CUSTOMER SERVICE REP	NETWORK MANAGEMENT	$9.68	12/14/93
	MEDICAL OFFICE ASST	VIRGINIA MASON	$8.15	8/15/89
	RECORDS CLERK	EMERALD CITY INTERNATI	$6.05	12/10/93
247	ADVERTISING SALES	JOURNAL-AMERICAN EASTS	$6.30	6/18/90
248	AIR CARGO PERSON	ALASKA AIRLINES	$9.00	6/3/91
	TICKET TAKER	WASH STATE FERRY SYSTE	$10.00	6/30/92

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
249	ADMIN CLERK	ASSOCIATED GROCERS	$9.30	2/3/92
	CUSTOMER SERVICE	FAMILY LIFE INSURANCE	$9.00	10/16/91
	MORTAGE CLERK	SEAFIRST BANK	$7.63	1/16/91
	OFFICE ASSISTANT	UNIVERSITY MEDICAL CEN	$14.40	8/23/91
	PROCESS SERVER	ABC LEGAL MESSENGERS	$7.30	9/15/90
	PURCHASING ASSISTANT	GROUP HEALTH DISTRIBUT	$9.00	7/1/91
	PURCHASING CLERK	SEATTLE HOUSING AUTHO	$9.21	6/1/91
	RECEPTIONIST	EL CENTRO DE LA RAZA	$9.60	10/23/91
	SPEC EDUC ASST	SHERWOOD FOREST ELEM	$7.04	12/1/89
250	INSUR BROKER	TRANS AMER INSURNC CO	$21.00	4/16/91
	ROLL SHOP FOREMAN	SALMON BAY STEEL COMP	$16.50	6/15/91
251	SALES & SERVICE REP.	U.S. WEST COMMUNICATIO	$11.51	5/8/91
252	CRUISE AGENT	CRUISE TRAVLER AGENCY	$9.50	5/8/91
	CRUISE CONSULTANT	GLOBAL EXPRESS TRAVEL	$13.42	4/1/93
	TRAVEL AGENT	SUNSHINE TRAVEL	$4.80	11/14/90
		SEA-TAC TRAVEL	$6.50	3/23/93
253	SALES REP	U S WEST COMMUNICATION	$13.67	8/5/91
	SALESPERSON INSUR	FRANKLIN FINANCIAL SERV	$15.00	3/2/93
254	CUSTOMER SERVICE REP	AMERICAN SPEEDY PRINTI	$8.00	11/23/92
	SALES REP	ALL AREA GAS	$8.00	12/3/91
259	RETAIL SALES REP	PERFORMANCE BROKERS I	$8.65	10/23/89
260	SALES	BAINBRIDGE BAKER'S	$7.00	9/15/91
261	CLERK-RETAIL	JC PENNEY CO INC	$5.00	11/19/90
	SALES	EAGLE HARDWARE	$9.00	1/18/93
	STAFF PHOTOGRAPHER	EASTSIDE NEWS	$7.00	9/1/91
262	SALES/DATA ENTRY	FINLAY FINE JEWELRY COR	$9.09	10/18/92
	SER & SALES REP	AIRE MASTER	$10.00	6/3/92
269	BAKERY SALES	SAFEWAY	$10.00	8/3/92
	CUSTOMER SERVICE	OVERLAKE PHOTOFINISHIN	$6.50	3/1/91
	SALES PERSON	AMERICAN MINERAL SALES	$15.38	12/1/91

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
271	SALES REP	ALLIED ELECTRONICS	$6.63	3/9/90
273	INSUDES	PUGET SOUND INSTRUMEN	$9.50	7/23/90
	OUTSIDE SALES REP	THE AUTO GLASS CO INC	$25.96	1/11/90
274	INSIDE SALES	SALMON BAY STEEL	$15.00	9/3/91
	MARKETING REP.	MARVIN CO. INC.	$9.88	4/15/91
	OUTSIDE SALES REP	GEOCHEM INC	$9.38	6/24/90
	SALES MAINT	SEA AIR COMP	$16.60	3/9/92
275	SALES REP	LEONARDS DISTRIBUTING	$9.85	9/14/92
	SALESMAN	ALDEN ASSOC.	$10.18	6/3/91
	SLAESPERSON	FRED MEYER GARDEN CEN	$6.00	3/27/90
277	RETAIL MERCHANDISER	HALLMARK CARDS/TARGET	$7.00	4/3/93
278	SALESPERSON	HICKORY FARMS	$5.00	10/1/92
279	COUNTER PERSON	C-J-AUTO PARTS	$6.00	5/1/91
	DISTRIBUTOR	MAC TOOLS	$12.00	9/21/92
	INSIDE SALES RESON	JANCO UNITED	$9.00	5/22/90
	RETAIL SALES	MATTINEE FINE COLLECTA	$15.00	7/24/91
	RETAIL SALES PERSON	CHUBBY & TUBBY	$7.00	10/21/91
	SALES CLERK	DILLEY DALLEY	$6.00	6/1/93
		EAGLE HARDWARE	$8.00	4/1/93
	SALES PERSON	CONTINENTAL INSURANCE	$7.50	5/5/93
		DOMUS	$8.50	2/22/93
		LEE MORRIS SALE INC	$17.03	3/5/90
	SALES, FURNITURE	BON MARCHE	$9.89	2/28/93
	SALESMAN	A & E HEATING	$5.76	6/13/90
	SALESPERSON	HENRY BECON	$8.10	10/23/90
		VAP TECH	$20.00	6/1/92
	SALESPERSON/PLUMBING	HOME DEPOT	$9.75	7/7/93
290	CLERK/SALES	LIQUOR CONTROL BOARD	$13.50	11/10/92
	COURIER	PONY EXPRESS	$8.50	6/22/91
	GROCERY CLERK	PETOSA'S SHOP RITE	$6.00	5/20/90

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
290	SALES ASSOCIATES	BON MARCHE	$9.65	3/16/93
	SALES CLERK	7-ELEVEN FOOD STORE #235	$5.50	11/1/92
		VINOTIQUE	$6.50	10/26/92
		EAGLE HARDWARE	$9.50	4/13/93
	SALES REP	SLEEP AIR MATTRESS	$6.30	4/12/93
	SALESPERSON	BOOK WAREHOUSE	$5.00	10/28/91
		THE BON	$9.00	3/30/91
		BON MARCHE NORTHGATE	$9.68	8/24/92
		ANDERSONS CHINA	$10.00	3/29/93
292	DELIVERY TRUCK DRIVE	FULTON FOODS	$7.75	7/3/90
	DRIVER/SELF-EMPLOYED	DARIGOLD PRODUCTS	$10.00	9/26/91
	TRUCK DRIVER SALES	GAI'S FRENCH BAKERY CO I	$6.95	12/20/89
294	AUCTION COORDINATOR	NARAL	$7.60	4/1/91
298	DESIGN AND DISPLAY	PACIFIC RIM IMPORTS	$10.50	1/4/93
299	CASHIER CUSTOMER SER	LARRY'S SUPERETTE	$6.50	4/1/90
	CIRCULATION SUPER	THE SEATTLE TIMES	$16.62	8/6/90
	CLERK GEN OFFICE	AMARAY INTERNATIONAL	$8.00	4/23/90
	CUSTOMER SERVICE	SECURITY PACIFIC BANK	$5.04	3/12/90
		EGGHEAD DISCOUNT SOFT	$6.25	12/1/91
		US WEST DIRECT	$8.75	1/2/90
		US WEST CELLULAL DIVISI	$9.15	1/2/90
		HEART TECHNOLOGY	$10.00	4/9/90
		LATTAYE LABS	$10.38	2/1/90
		SCI TECH INTERNATIONAL	$12.00	6/28/91
	CUSTOMER SERVICE REP	PAY N PAK	$6.75	1/18/90
	DELIVERY DRIVER	NORTH CITY GODFATHERS	$5.91	6/17/92
	PIZZA DELIVER PERSON	ROUND TABLE PIZZA	$5.00	9/1/92
	RETAIL CLERK	SEARS RENTON CENTER	$5.00	12/3/90
	STOCK CLERK	ALBERTSONS STORE	$10.50	9/7/92
	TELEMARKETER	RESPONSE MARKETING	$8.00	12/2/89

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
299	TELEPHONE INTERVIEW	GILMORE RESEARCH COMP	$6.00	10/5/92
301	GARDENER	CASCADE GARDEN	$5.00	6/16/91
	NANNY/HOUSEKEEPER	DR NORMAN C. TURRILL	$8.00	3/15/93
302	LAUNDRY WORKER	U OF W CONSOL LAUNDRY	$7.94	2/17/92
310	SALESCLERK	PAY N' SAVE	$6.00	8/5/91
311	BANQUET WORKER	SORRENTO HOTEL	$12.75	1/17/91
	COUNTER PERSON	SAGA CORP/MARRIOTT	$7.96	4/29/91
	FOOD SERVICE	CHARLIES RESTAURANT	$4.50	3/1/93
	WAITPERSON	RITZ DINER	$5.50	1/27/92
	WAITRESS	BROOK SIDE	$4.75	5/6/92
		ATHENIAN INN	$5.00	9/29/93
312	BARTENDER	BOGEY'S TAVERN	$5.50	9/13/90
		THE VIRGINA TAVWEN	$10.00	5/13/91
313	ASST. CHEF	BEBA'S DELI	$8.00	3/1/92
	BAKER	HOST INTERNATIONAL	$6.00	12/13/91
	CHEF	RESTAURANTS UNLIMITED	$8.56	12/20/91
	HEAD COOK	PAN PACIFIC SEAFOOD	$18.75	6/14/91
	PASTRY HELPER	PACE MEMBERSHIP WAREH	$6.60	6/8/93
317	WRAPPER	SUNSHINE BAKERY	$8.64	11/2/91
318	DISHWASHER	DOUBLETREE	$5.30	3/12/90
	KITCHEN ATTENDANT	FOUR SEASONS RESTAURA	$7.75	1/17/93
	KITCHEN HELPER	MARRIOTT IN FLITE SERVIC	$5.75	5/12/92
320	DELIVERY TECH	NIELSENS WHOLESALE	$7.50	6/11/93
321	HOUSEKEEPER	LAURELWOOD CARE CENTE	$5.25	11/8/89
		SEATTLE SHERATON HOTE	$6.50	8/3/92
323	CLEANING PERSON	AMBER CLEANING SERVICE	$9.50	11/20/90
	HOUSECLEANER	SHERATON HOTEL	$6.50	8/22/91
	HOUSEPERSON	DOUBLETREE INN	$5.25	12/1/89
346	CUSTODIAN	RENTON SCHOOL DIST NO 4	$8.00	3/18/91
353	CERT NURSE ASSIST	RESTORITIVE CARE CENTE	$5.60	10/30/89

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
355	HEALTH CARE AID	FREEMONT PUBLIC ASSOCI	$5.50	6/7/93
	HEALTH CARE PROVIDER	COPES	$5.39	4/22/92
	MENTAL HEALTH SPEC	HARBORVIEW HOSP	$11.73	1/14/91
	NURSE ASSISTANT	BURIEN NURSING CENTER	$5.50	6/3/93
	NURSE AIDE	SMITH WRIGHT ESTATES	$8.10	8/30/90
359	PASSENGER SCREENER	ANDY FRAIN AVIATION SER	$4.40	1/31/93
361	LAUNDRY ATTENDANT	MARRIOTT RESIDENCE INN	$6.50	4/19/91
362	DRY CLEANER	LON BROWN INC	$9.89	2/19/92
372	CORRECTIONS OFFICER	WA ST DEPT CORRECTIONS-	$9.48	5/21/90
	SECURITY GUARD	OLUMPIC SECURITIES INC	$5.50	12/3/90
		BURNS SECURITY	$5.50	9/24/91
		BRANCH VILLA	$6.25	8/23/91
		COSTCO	$8.40	4/5/91
375	RAMP PATROLLER	PORT OF SEATTLE	$11.60	7/22/91
	SER/TRAN OFFICER	CITY OF TUKWILA	$10.00	2/1/91
379	ALARM OPERATOR	ADT SECURITY	$7.00	10/22/90
	DISPATCHER	ADT ALARM COMPANY	$7.37	7/18/91
		VALLEY COMMUNICATION	$10.40	9/4/90
381	CUSTODIAN	GROUP HEALTH COOPERAT	$6.53	9/15/89
	FACTORY SERVICE CTR	BOEING	$12.00	11/8/90
	HOUSEKEEPER	SEATTLE SHERATON HOTE	$6.50	9/19/91
	JANITOR	GROUP HEALTH COOPERAT	$7.28	5/12/90
		CRESCENT FOODS	$8.50	8/28/90
		HIGHLINE SCHOOL DIST	$8.90	3/3/91
		SELF EMPLOYED	$14.42	4/1/90
		SELF EMPLOYED	$14.42	8/1/90
382	BLDG MAINT FACILITIES	TACHTERMANS INVESTME	$8.25	3/30/90
	BLDG. MAINTENANCE	KING COUNTY	$10.80	9/30/92
	CUSTODIAN	AMERICAN BUILDING MAIN	$6.57	5/26/92
		ADVENTURE	$7.00	6/8/92

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
382	CUSTODIAN	AUBURN ADVENTIST ACAD	$8.00	8/19/91
		ZION PREPATORY ACADEM	$8.75	8/26/91
		JUANITA HIGH SCHOOL	$10.28	10/7/91
	CUSTODIAN/CO-OWNER	J & C CLEANING	$10.00	5/17/91
	GEN HELPER/CLEANER	HONEYCHURCH ANTIQUES	$8.00	6/2/92
	JANITOR	A-1 BUILDING MAINTENAN	$6.00	8/31/90
		WESMAR COMPANY INC	$6.13	8/13/92
		ALLEY JANITORIAL SERVIC	$6.50	6/15/91
		EAGLES FRATERNAL ORDE	$6.56	8/7/90
		AMERICAN BUILDING MAIN	$7.50	10/14/91
		LAKE WA SCHOOL DIST	$8.53	9/9/91
		SOUTHEAST COMMUNITY S	$10.00	8/15/91
	JANITOR/MANAGER	NORTHWEST INTERIORS	$11.25	12/14/92
	JANITORIAL	FAIRVIEW SCHOOL DISTRIC	$8.00	12/14/92
389	BLDG ENGINEER MAINT	STOUFFER MADISON HOTEL	$8.00	7/15/91
	CUSTODIAN	NORTHSHORE SUPPORT SE	$9.00	9/9/91
		NORTHSHORE SCHOOL DIS	$9.27	8/29/91
		NORTHSHORE SCHOOL DIS	$10.10	12/9/91
	RAMP CONTROL	PORT OF SEA-SEATAC AIRP	$11.00	7/17/91
	TECHNICIAN/INSPEC	RID X TERMITE & PEST CON	$12.00	1/28/91
405	OWNER/MANAGER	H.D.LAWNCARE	$10.00	4/14/93
	PLANTER	BEL-R GREENHOUSE INC	$5.52	2/27/90
406	GARDENER	USAF MORAL WELFARE	$5.52	5/3/93
	GROUND MAINTENANCE	EDMONDS SCHOOL DISTRIC	$13.45	1/4/93
	LANDSCAPER	R & J ENTERPRISES	$6.50	12/1/91
408		R.L. SANFORD	$8.00	4/21/91
410	VETERINARY ASSIST	INTERBAY ANIMAL HOSPIT	$6.56	9/14/90
441	FISHERMAN	ARTIC ALASKA SEAFOODS	$30.00	1/29/91
449	PROCESSOR/DECKHAND	ARCTIC ALASKA FISHERIES	$10.00	3/27/92
454	CHOKERMAN	COCHRAN LOGGER	$15.00	3/5/91

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
454	HOOK TENDER	DYER LOGGING	$18.50	6/26/91
502	QUALITY CONTROL	UNION TANK WORKS	$17.00	2/6/92
509	LABORER/HELPER	SALMON BAY STEEL CO	$13.50	5/1/91
	MILLWRIGHT	WEYERHAUSER	$11.50	6/22/92
	RACKER	TODD SHIPYARD	$13.50	9/18/89
	SHEETMETAL LABORER	TRAVIS INDUSTRIAL INC	$8.00	10/7/90
	STEEL MAKER III	SALMON BAY STEEL	$11.00	6/21/91
514	BILLET HANDLER	SALMON BAY	$14.00	6/18/91
518	COREMAKER/MOULDER	CONTINUOUS CASTING CO	$12.04	3/12/90
	MOULDER	ATLAS FOUNDRY & MACHI	$11.00	1/15/90
		ATLAS FOUNDRY & MACHI	$11.00	1/15/90
519	SUPERVISOR	DWYER ELECTRIC INC	$11.30	10/14/91
524	BAKER	SUNSHINE BAKERY	$8.90	6/13/93
525	PROCESSOR	FRATERNAL ORDER OF EAG	$14.42	10/18/91
526	BAKER	SEATTLE ENGLISH MUFFIN	$8.93	7/28/92
	BAKER'S ASSIST	GAI'S BAKING CO	$8.00	8/18/90
529	DAIRY WORKER	SAFEWAY DAIRY	$11.07	8/28/91
	LABORER	TYRRELL'S INC	$6.50	7/11/89
	PROCESSOR-FISH	SEAWIND FISHERIES	$8.25	9/28/91
	SUPERVISOR	DARIGOLD ICE CREAM CO.	$19.05	3/28/92
556	INJECTION MOLDER	PHYSIO CONTROL	$6.92	3/14/90
	PLASTIC MLDG MACH OP	TECHNICAL MOLDED PALS	$6.00	3/4/90
559	INSPECTOR	TRAGER MFG	$5.00	9/11/90
	PRODUCTION/PLASTICS	KOHKOKU USA INC	$7.55	3/5/90
570	PROD. CNTRL OPERATOR	ASHGROVE CEMENT	$13.21	2/13/92
571	BURNER	SEATTLE IRON & METAL	$7.20	8/19/91
579	GLASS PRODUCTION	NORTHWESTERN INDUSTRI	$9.33	8/1/92
590	CIRCUIT BOARD DRILLE	CIRCUIT SERVICES	$6.00	7/2/90
599	LABORER	DUNHILL TEMPORARY	$4.25	10/12/91
600	ASSEMBLY MECHANIC	MARCO SEATTLE	$13.65	3/17/93

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
600	MACHINE OPERATOR	FRYER KNOWLES	$13.75	10/21/91
	MACHINIST	POINTS NORTH	$6.50	7/30/90
		PRECISION ENGINEERING C	$6.50	6/23/90
		GIDDENS INDUSTRIES	$7.00	1/27/92
		OLYMPIC MEDICAL 4400 7T	$9.50	2/12/91
		TODD SHIPYARDS	$10.51	10/22/91
		TODD SHIPYARD	$11.50	9/16/91
		TODD SHIPYARD CORP	$12.00	12/13/89
		VENUS-GUSMIRE	$13.50	11/18/91
	MACHINIST APPREN	MAMCO MANUFACTURING I	$7.85	1/12/90
	MACHINIST TRAINEE	KING MACHINE INC	$8.50	4/24/90
	MAINT ENGINEER	PORT OF SEATTLE	$17.30	3/19/92
	MECHANIC	KENWORTH TRUCK CO	$9.86	6/25/90
	MECHANICAL ASSEMBLY	ROCKET RESEARCH	$9.16	3/30/90
	MILLWRIGHT	PACIFIC WESTERN INDUST	$20.67	7/22/91
	SERVICE TECHNICIAN	NATURAL GAS EQUIPMENT	$9.00	4/12/90
601	TOOOL MAKER MACH	LEVITON TELCOM	$16.00	7/17/90
603	GRINDER	NORTHWEST CASTING	$9.00	3/4/91
604	BAR TANK OPER	DAIRY GOLD MILK CO	$11.00	2/12/91
605	PHOTO TOOLING/CAD	PRECISION IMAGE INC	$13.00	3/29/93
615	CRANE OPERATOR	SALMON BAY	$10.65	7/22/91
619	OUTSIDE MACHINIST	TODD SHIPYARDS	$13.75	1/6/92
	PRODUCTION WORKER	BUNGE FOODS	$8.00	11/5/90
		SAFEWAY STORE	$9.50	4/30/91
	R & M OPERATOR	ACCURATE PLASTICS	$6.50	8/2/90
	SHEET MTL PROD JRYMN	FENPRO INC	$12.73	1/16/90
620	AUTO MECHANIC	PACIFIC MERCURY LINCOL	$10.00	7/17/91
	BATTERY MECHANIC	CLARKLIFT OF WA	$7.50	9/5/90
	CHASSIE MECHANIC	CONTAINER CARE INC	$9.00	4/10/90
	CHASSIE REPAIR	AMERICAN PRES LINES	$19.23	6/18/90

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
620	GEN. LINE MECHANIC	WILDERNESS CHEVRON	$7.00	7/29/91
	MECHANIC	SOUND SUBARUE RENTON	$9.00	8/6/90
		ASH GROVE CEMENT CO.	$13.50	2/10/92
	MECHANIC'S HELPER	R.P. AUTO SERVICE	$8.00	11/30/90
	R.V. TECHNICIAN	5TH WHEELTRAVEL HOMES	$7.50	10/14/91
		COMPLETE R.V.	$9.00	3/2/92
	RV SERVICE TECH	SELF-EMPLOYED/M. PROPH	$10.00	3/3/93
	STATION MECHANIC	ROE'S CHEVRON	$5.50	2/15/90
	TIRE BUSTER	EVANS TIRE	$6.25	8/8/92
	TIRE MECHANIC	TIRE PROS	$4.25	1/27/92
621	AIRPLANE MECHANIC	ALASKA AIRLINES	$13.75	10/21/91
	AVIATION MECH	UNITED AIRLINES	$14.46	12/17/91
623	DECK HAND ENGINEER	ISLAND TUGG AND BARDGE	$10.00	10/25/91
	MACHINIST	TODD SHIPYARD	$7.21	9/18/89
	MARINE MECHANIC	MASTER MARINE	$11.00	4/9/91
625	DIESEL MECHANIC	DELSCHALL TRUCKING	$12.00	6/23/92
	MECHANIC	DOC FREEMANS INC	$13.00	8/7/92
	SMALL ENGINE REPAIR	BALDWIN & SON LAWN & G	$8.00	6/1/90
		ISSAQUAH HONDA KUBOTA	$8.00	6/4/90
629	MANAGER, CUST REPORT	FINANCIAL SYSTEMS PROD	$10.00	4/16/90
630	MECHANIC TRAINEE	BOWERS MACHINE	$7.00	1/22/91
633	COMPUTER SRVC TECH	OFFICE COMPUTER SYSTEM	$7.00	8/1/90
	COMPUTER TECHNICIAN	HEATH TECNA AREOSPACE	$9.55	7/30/92
	SERVICE TECH	WACHTOR ELECTRONICS	$10.00	8/3/92
637	CUSTOMER SERVEICE RE	JOHN L SCOTT	$10.00	7/23/90
	CUSTOMER SERVICE	IRS	$8.47	10/26/92
	HVAC TECH	STAEFA	$14.00	12/31/92
638	CENTER MECHANIC	RET SPORTING GOODS DIST	$14.00	11/25/91
	FLEET MECHANIC	AA ASPAULT	$12.00	7/1/91
	GUIDE SETTER	SALMON BAY	$11.34	6/6/91

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
638	MAINTENANCE	BMW/SUBARU	$8.00	8/13/90
	MAINTENANCE MECH	ROGER'S MACHINERY CO IN	$10.56	1/2/90
	MAINTENANCE MECHANIC	RAINIER BREWING COMPA	$10.70	7/22/91
	MECHANIC	RAZE MOLBIL MECHANICS	$10.00	9/20/90
	MECHANICAL ASSEMBLY	EDERER INC	$13.00	6/19/91
	MILLWRIGHT	SALMON BAY STEEL COMP	$12.50	5/1/91
		SALMON BAY STEEL	$13.00	7/22/91
		SALMON BAY STEEL	$13.00	7/22/91
	REPAIR/CONSTRUCTION	NAVIN CONSTRUCTION CO	$10.00	3/24/92
	TECHNICIAN	PRECISION TUNE	$6.00	9/18/91
	TOOL ROOM ATTENDANT	ALASKA AIRLINES	$10.00	4/30/91
639	INTERIOR ASSEMBLER	AIM AVIATION	$8.00	7/11/91
	JOURNEYMAN MECHANIC	SEA-LAND SERVICE, INC.	$21.23	3/21/92
640	SECOND SEAT DRIVER	C.T. EXPRESS INC	$8.65	6/4/90
651	PRESS HELPER	EMERALD CITY GRAPHICS	$6.06	8/20/91
	PRESSMAN	EAGLE WEB PRESS	$10.00	7/8/91
		PETERSBURG PILOT	$15.00	4/24/91
653	PRODUCTION MANAGER	MISTY MOUNTAIN MANUFA	$14.42	3/3/92
659	PRINT TECHNICIAN	COSTCO	$9.15	12/15/92
660	CABINET MAKER	GENERAL BUILDERS SUPPL	$8.00	8/10/90
		VIKING CONSTRUCTION	$10.00	7/23/91
667	PULLER	WEYERHAUSER TIMBER CO	$9.46	3/13/90
669	PROJECT MANAGER	MERCER INDUSTRY	$22.21	6/4/90
679	ASBESTOS INSPECTOR	ENVIRO TECH	$18.95	9/10/90
689	ZIZU OPERATOR	WOODTAPE	$6.00	4/22/93
691	CABLE INSTALLER	GENERAL COMMUNICATIO	$6.22	12/26/89
	PRODUCTION	JAMES RIVERS CORP	$7.50	8/13/90
	PRODUCTION HELPER	CAPITAL INDUSTRIES	$7.85	4/11/91
699	PRODUCTION LED	RR DONNELLEG NORWEST I	$11.00	5/3/93
	PRODUCTION SUP.	EMERY INC.	$10.20	9/16/91

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
706	ASSEMBLER	BIOPHYSICS INT'L	$7.00	12/18/89
709	CONTAMINATION CONTRO	ROCKET RESEARCH	$8.38	3/4/90
	MACHINIST	MACHINE LABORATORY	$8.50	3/13/90
710	ASSEMBLER I	HEART TECHNOLOGY	$7.00	6/12/90
712	DENTAL TECHNICIAN	PENN ORTHONDONTIC LAB	$6.50	7/30/91
	LINE INSPECTOR	BIOPHYSICS INTERNATION	$8.50	1/2/90
716	CRAFTSMAN	MICRO SURGICALL TECHN	$7.00	5/21/90
	LAB TECHNICIAN	GENETIC SYSTEMS CORP	$11.25	2/15/90
	MANAGER	EVERGREEN EYE CENTER	$12.98	1/2/90
	OPTICAL TECH 3	GROUP HEALTH ADMIN SUP	$6.60	4/9/90
	TECHNICIAN	ANALYTIC TECHNOLOGY	$6.70	6/8/90
722	COMMUNICATIONS SPEC	DIGITAL DIRECT OF SEATT	$14.90	5/13/91
	FAX REPAIR	BELL AND HOWELL	$11.00	6/1/93
723	APPLIANCE REPAIR	SEARS	$6.37	2/20/90
	ASSEMBLER	BAXTER SCIENTIFIC PRODU	$7.60	12/12/89
	SERVICE TECHNICAN	EVERGREEN MAYTAG	$8.00	1/11/93
726	ASSEMBLY INSPECTOR	KORRY ELECTRONICS	$7.35	2/23/90
	ASSEMBLY TECHNICIAN	PIONEER INDUSTRY	$5.25	10/21/91
	COMPUTER FIELD TECH	EGGHEAD SOTWARE	$8.50	8/6/90
	ELECTRONIC ASSEMBLY	COLORTRONIC	$8.00	6/25/90
	LEAD SERVICE TECH	INACOMP COMPUTER CENT	$10.38	8/1/90
	MEDICAL EQUIP,ASSEMBL	BIO PHYSIC'S INTERN	$6.60	8/28/89
	PROD INSPECTOR	TERRA TECHNOLOGY CORP	$7.00	9/18/89
729	COMPUTER TECHNICIAN	MICROSERVE	$11.00	12/4/91
732	ASSEMBLER	RALLYE ROADSTEER ENTE	$6.36	10/1/90
741	APPRENTICE PAINTER	LONG PAINTING CO	$6.00	7/16/90
754	LAMINATOR	HEATH TECNA	$6.20	3/25/91
763	ANTIQUE DEALER	DEE & ME ANTIQUES	$6.00	2/1/93
769	WOODWORKER	VIRGIL MARKEE	$4.25	1/1/91
	WOODWORKING TRAINEE	GONYEA'S WOODWORKING	$7.50	10/4/90

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
777	MODEL MAKER	MODEL INSTRUMENT DEVE	$11.34	6/29/90
780	UPHOLSTERER	DURHAM'S UPHOLSTRY	$8.00	4/15/91
787	SEWER	JENNY'S BACK TO NATURE	$5.00	6/1/93
804	FABRICATION SPEC	INSULATE INDUSTRIES	$6.25	8/15/90
	PRODUCTION WORKER	HPI FOODS	$7.45	6/24/90
	SHEET METAL APPRENT	SUPERIOR AIRFREIGHT HAN	$6.63	6/24/91
805	SHIPFITTER	TODD SHIPYARD	$15.00	3/5/93
806	ASSEMBLER	PRECISION AREOSPACE	$6.30	1/11/93
		KENWORTH	$10.10	11/14/91
	MECHANICAL LEAD ASSE	TARGET TECH INC	$6.41	12/11/89
	MOLDING MAKER	MIKRON PLASTIC MFG	$8.50	11/30/92
	OUTFITTER-ELEC	BREDA TRANSPORTATION	$7.00	4/26/90
	RIGGER	TODD SHIPYARDS	$14.00	2/15/93
	SHIP FITTER	UNIMAR SHIP	$14.00	8/8/91
	SHIPFITTER	MARCO SHIPYARD	$14.00	4/19/93
	SHIPPING FOREMAN	PAY N PAK	$14.99	11/20/91
807	BODY REPAIRER	GRAYLINE BUS TOURS	$10.50	9/18/90
	BODYMAN	MAGNOLIA COLLISION REP	$11.00	6/12/91
809	ASSEMBLER	KENWORTH TRUCK CO	$10.07	6/3/91
	SCALER	TODD PACIFIC SHIPYARDS	$17.63	9/21/92
	SHIPPER	SALMON BAY STEEL	$12.00	8/12/91
	STEEL MAKER	SALMON BAY	$16.28	6/20/91
	STEEL WORK SUPERVISO	SALMON BAY STEEL	$14.00	7/24/91
	WELDER/FABRICATION	PETE'S FABRICATION	$10.00	8/26/91
810	MILLWRIGHT	SALMON BAY STEEL CO	$14.18	3/13/91
	WELDER	MICRON INDUSTRIES	$8.00	1/28/93
		ACE TANK EQUIPMENT	$9.50	9/5/90
		NAMCO INC	$9.83	2/8/93
		RANIER WELDING	$10.26	1/25/93
		JESSE ENGINEERING	$11.00	6/30/92

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
819	FITTER WELDER	GRAHAM STEEL	$12.50	9/15/92
	MAINTENANCE WELDER	JORGENSEN STEEL CO	$14.05	5/31/90
	SPOT WELDER	LANG MANUFACTURING	$8.69	10/25/92
	WELDER	CAPITAL INDUSTRIES	$8.45	10/11/90
		PACIFIC FISHERMAN SHIP B	$13.15	12/4/89
		TODD SHIPYARD	$13.75	12/3/92
		TODD SHIPYARD	$14.00	3/19/93
		TRIDENT SEAFOOD	$14.00	10/31/91
		THE BOEING COMPANY	$16.45	7/13/92
	WELDER HELPER	SNELSON CO	$19.17	11/30/92
	WELDER-FITTER	CAM INDUSTRIES	$10.65	6/13/90
	WELDER-JOURNEY LEVEL	CHG BLDG SYSTEMS INC	$15.00	7/18/90
	WELDERS HELPER	MID MOUNTAIN CONTRACT	$17.00	10/20/92
822	CABLE MANAGER	SCHARCH CONSTRUCTION	$7.00	10/22/91
	COMMUNICATIONS TECH	US WEST COMMUNICATION	$17.00	6/3/91
	TECHNICAL ASSISTANT	TELEPHONE ENGINEER SER	$12.50	10/29/91
823	COMPUTER TECH	US WEST COMMUNICATION	$17.50	6/18/91
	RADIO FREQUENCY TECH	CELLULAR ONE	$18.80	10/22/90
824	ELECTRICIAN	BARBEE MILLS	$13.00	9/11/91
		ASHGROVE CEMENT	$13.75	2/14/92
		BOEING	$14.00	1/31/91
		TODD PACIFIC SHIPYARDS	$14.00	4/21/93
		SUNLOCK INC	$14.57	9/30/91
		SALMON BAY	$15.00	9/9/91
		SEA CITY WAST WATER UTI	$15.00	3/17/92
		TODDS PACIFIC SHIPYARD	$15.00	3/15/93
		LLOYDS ELECTRONIC	$15.37	8/3/91
		CDI CORP.	$16.00	3/27/91
		SALMON BAY	$16.00	9/16/91
		LOCAL 46 IBEW ELECTRICA	$22.20	10/27/92

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
824	ELECTRICIAN/MARINE	HARRIS ELECTRONICS	$11.95	7/3/91
	ELECTRONIC MAINT	AUTOMATED RETAIL SYSTE	$12.01	8/31/92
825	ELECTRICAL ASSEMBLER	BREDA TRANSPORTATION	$7.00	2/7/90
		BREDA TRANSPORTATION	$8.00	1/31/90
	ELECTRONIC ASSEMBLER	AVETECH CORP	$6.25	3/9/90
	MARINE ELECTRICIAN	TODD SHIPYARD	$13.54	11/9/92
		TODD PACIFIC SHIPYARD	$14.00	3/1/93
826	DUCT INSTALLER	MERIT MECHANICAL	$8.50	1/16/92
827	MAINT MECHANIC	CONTINENTAL BAKERY	$14.00	1/27/92
	MAINT TECH	MERIT MECHANICAL	$10.00	6/24/91
	SERVICE TECH	HORIZON HEATING	$10.00	1/13/92
828	ELECTRONIC TECH	CDI CORPORATION WEST	$9.25	9/3/91
	ELECTRONICS TECHNICI	HARRY'S ELECTRONICS SER	$8.70	6/11/90
	FIELD SERVICE TECH	THE EXCHANGE	$6.50	12/17/90
	MAINTENANCE ELECTR	SALMON BAY STEEL	$13.00	7/21/91
829	ELECTRICAL MAINT.	ROMAC INDUSTRIES INC	$12.50	5/29/91
840	PAINTER	TAYLORS AUBURN AUTO B	$11.50	5/7/91
	PAINTER HELPER	CRAFTECH INC	$10.00	8/2/90
849	CONCRETE PUMP OPR	RALPHS CONCRETE CO PU	$10.00	5/18/90
851	IRRAGATION	HUBERT LANDSCAPE SERVI	$10.00	8/29/90
860	BOAT BUILDER	BAYLINER MARINE CORP.	$11.50	4/22/91
	CARPENTER	LYDIG CONSTRUCTION INC	$18.74	6/25/90
	CARPENTER APPRENTICE	WEYERHAEUSER 158	$9.80	1/20/92
861	BRICK LAYER	SALMON BAY STEEL	$15.35	6/1/91
862	DRIVER	KEY TRUCKING	$9.00	2/14/92
	LABORER	CITY OF KENT	$11.00	5/1/93
	PIPEFITTER	FOSS MARITIME	$13.65	3/13/93
		TODD SHIP[YARDS	$14.00	3/22/93
		GREGORY AND COOK CONS	$19.75	8/15/92
863	INSULATION WORKER	BOULTON INSULATION CO	$11.25	12/10/92

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
866	ROOFER	ROBERTS RAPID ROOFING	$10.00	2/8/90
		INTERSTATE ROOFING	$10.00	8/12/91
869	BOTTLE	G. HELLEMAN BREWING CO	$14.39	5/20/91
	CARPENTER'S HELPER	DEE LEE HOMES	$7.50	8/8/90
	CONSTRUCTION WORKER	BRICKLAND CONSTRUCTIO	$7.00	4/23/90
		JOHN BROWN CONSTRUCTI	$10.00	9/24/90
	FLAGGER	MAX J KUNEY	$10.78	6/29/90
	LABORER	CONSTRUCTION ASSOCIAT	$4.50	1/30/93
		COMMERCIAL STRUCTURES	$9.10	2/28/92
	LABORER, STEEL COAT	ACE GALVANIZING	$8.96	9/9/91
	LABORER/CARPENTRY	CACHE SYSTEMS INC	$8.50	5/16/90
	LABORER/CONST.	MANPOWER INTERNATION	$10.42	10/9/91
	SHEET METAL LABORER	SKILFAB	$8.50	7/25/91
	SURVEYOR HELPER	GEO DIMENSIONS	$8.00	9/4/90
891	DOCK WORKER	WASHINGTON STATE FERRI	$8.75	6/5/90
		YELLOW FREIGHT SYSTEM	$12.23	10/13/91
	MAINTENANCE	GRAHAM STEEL CORP.	$14.00	7/17/91
899	BLDG MAINT	SNOHOMISH SCHOOL DIST	$9.00	8/1/90
	CHIMNEY ROOF RESTORE	GREATER NW CHIMNEY SW	$8.00	9/6/90
	DIESEL TRUCK MECH	HANSON BROS MOVING & S	$11.50	9/15/89
	LOCK & DAM OPER	US ARMY CORPS OF ENGINE	$11.00	6/11/90
	MAINTENANCE	G.R.A.N. INC.	$8.00	5/31/91
		ELLIOT BAY MARINA	$10.00	4/2/92
	MAINTENANCE MANAGER	CAMP BERACHAH CHRIST.	$6.92	8/1/91
	MAINTENANCE PERSON	ACME POULTRY	$8.65	2/5/90
		SEATTLE PACKAGING CORP	$11.00	7/3/91
	MAINTENANCE REPAIR	CONTINENTAL CONDOMINI	$7.50	7/28/92
	MAINTENANCE TECH	CAMPFIRE BOYS & GIRLS	$12.50	7/3/91
	MAINTENANCE WORKER	NITZE STAGEN AND CO. INC	$10.12	6/3/91
	PLANT ENGINEER	MERCER INDUSTRIES	$21.00	9/4/90

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
899	PROJECT MANAGER	CHEM PROOF	$15.62	10/17/90
	TRADES HLPR/MAINT	ECHO GLEN CHILDREN'S HO	$9.23	8/13/90
	UTILITY WORKER	ASSOCIATED GROCERS, INC	$8.60	10/17/91
904	COMMERCIAL TRUCK DRI	GURDON TRUCKING INC	$6.25	5/2/90
	DRIVER	TRANSCO	$10.00	4/20/92
		ROADWAY PACKAGING SYS	$13.75	6/7/91
	LONG HAUL TRUCK DR	C.T. EXPRESS INC	$10.00	6/23/90
905	DELIVERY DRIVER	NORTHWEST TRAILER PAR	$8.00	4/1/93
	DRIVER	OAK HARBOR FREIGHT LIN	$10.00	7/30/90
		LENON PACKING CO	$10.00	10/15/90
		UNITED PARCEL SERVICE	$11.42	10/22/91
		METRO HAULING INC	$11.50	2/16/92
		ERNST HARDWARE STORE	$12.00	2/25/92
		ABF FREIGHT SYSTEM INC	$14.93	9/28/92
	DRIVER/LABORER	ARCHER CONSTRUCTION	$10.00	8/4/92
	FURNITURE MOVER	N F CORP	$7.72	3/3/90
	INBOUND SUPERVISOR	PIE NATIONAL	$15.38	5/13/90
	LITTLE VAN DRIVER	PIONEER HUMAN SERVICES	$8.00	10/1/91
	TRUCK DRIVER	SWIFT TRANSPORTATION C	$5.63	6/7/90
		PACIFIC PACKAGING SUPPL	$8.00	3/26/90
		REDDAWAY	$8.50	7/17/90
		VIKING FREIGHT	$8.60	8/6/91
		DARIGOLD ICE CREAM	$9.45	4/20/90
		SMERIGAS	$10.00	6/10/91
		LEE & EASTES TANK LINES	$10.00	3/20/90
		ASSOCIATED GROCERS	$10.00	6/15/90
		SCHNEIDER NATIONAL	$10.00	6/10/91
		ABF FREIGHT LINES	$12.50	7/4/90
		SALMON BAY SAND & GRA	$13.44	1/3/91
	TRUCK DRIVER OPER	UNISOURCE	$9.25	5/14/91

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
906	GARBAGEMAN	US DISPOSAL SERVICE	$15.75	3/5/90
	TRUCK DRIVER	PHARMACUTICAL CORP OF	$7.50	12/13/90
		EMERY AIR FRIEGHT	$9.00	4/8/91
		BABZII E METALS	$9.00	1/14/91
		LANG MANUFACTURING	$9.50	6/1/91
		UNIV OF WA	$11.19	12/24/90
910	DRIVER	COLD MOUNTAIN JUICE CO.	$7.37	4/24/91
	FRIEGHT HANDLER	PACIFIC ALASKA FORWARD	$8.96	4/24/91
911	DECKHAND	WA STATE FERRY	$9.00	5/3/90
	OILER	NATIONAL MARITIME UNIO	$10.00	10/1/91
912	MAINT ENGNR	ALASKA AIRLINES	$15.38	6/3/91
	SR. RAMP CONTROLLER	PORT OF SEATTLE	$11.68	8/19/91
913	BUS DRIVER	LAID LAW	$5.25	10/20/90
		LAID LAW TRANSIT INC	$5.25	1/22/91
		JA/EDJ TRANSIT	$7.50	10/2/89
		GREYHOUND	$7.50	8/11/90
	BUS DRIVER P/T	METRO	$10.82	7/27/90
	DOCK/DRIVER	P.I.E. NATIONWIDE INC	$13.43	6/4/90
	DRIVER	METRO TRANSIT	$10.82	6/21/91
	SCHOOL BUS DRIVER	LAIDLAW TRANSIT INC	$5.37	11/13/89
	VAN DRIVER	NEIGHBORHOOD HOUSE IN	$5.19	8/14/90
		D.A.R.T.	$7.50	9/3/92
914	BUS DRIVER	HIGHLINE SCHOOL DISTRIC	$9.50	1/18/93
	MACHINE OPER	DARIGOLD DAIRY	$15.81	4/10/92
915	BUILDING MAINTENANCE	CITY OF SEATTLE	$9.26	3/19/90
	EQUIP SER WKR	METRO	$10.43	5/8/91
	PARKING LOT ATTENDAN	HERTZ	$5.50	8/18/92
919	CLEANER	RAINIER PRESSURE SERVIC	$30.00	5/11/92
	DELIVERY DRIVER	KIKU TAKE DENTAL LAB	$6.50	10/12/92
	DRIVER	AVIS	$4.25	9/24/90

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
919	DRIVER/DELIVERY	PUGET SOUND ELECTRIC	$8.50	5/26/92
920	LEAD PERSON	ACME POULTRY	$8.43	5/1/90
	MACHINE OPERATOR	US POST OFFICE	$7.00	3/6/91
	PACKAGER	OBERTO SAUSAGE CO	$5.50	6/9/89
		CONTAINER CORP OF AMER	$9.80	8/20/90
	PACKAGER BOTTLER	RAINIER BREWERY	$14.59	4/16/90
	PACKER	DARIGOLD	$8.90	4/28/90
921	CHASSIE YARD LIFT DR	CONTAINER CARE INC	$9.00	4/4/90
	CRANE OPER	SALMON BAY	$10.48	6/17/91
		SALMON BAY	$14.00	6/24/91
	CRANE OPERATOR	JORGENSON STEEL COMPA	$9.85	12/18/90
		SEAPORT STEEL	$14.00	7/26/91
		SALMON BAY STEEL	$15.58	7/24/91
	CRANE TECHNICIAN	SEATTLE CRAIN & HOIST C	$13.00	10/28/91
	FORK LIFT OPER	TAHRCO INC	$10.00	11/16/90
	FORKLIFT OPERATOR	MIKRON	$7.50	6/19/91
	HEAVY MACHINE OPER.	NITZE STAGEN & CO. INC.	$10.18	7/10/91
	HOOKTENDER	MORIARY LOGGING CO	$15.00	4/13/90
	LOGGER-HOOK TENDER	WALKER AND DAUGHTERS	$15.00	3/22/91
	MGR. SAFETY & HEALTH	UNIVERSITY MECH CONTR	$20.00	8/12/91
	RIGGER	TODD SHIPYARD	$14.00	3/15/93
		TODD SHIPYARD	$14.00	3/26/93
	SAW/CRANE OPER	SALMON BAY STEEL	$11.00	6/17/91
	SHIPPING CRANE OPER	SALMON BAY STEEL	$11.36	7/1/91
	WAREHOUSE PERSON	MANPOWER	$10.90	4/23/91
		THE RECTOR CONSTRUCTN	$14.60	3/20/91
922	DOCK WORKER	PAE	$13.45	5/18/90
	DRIVER/LABORER	CASCADE CONTAINER COR	$6.00	9/19/91
	STOCKER	COSTCO	$8.17	7/13/91
	SUPERVISOR	ANR	$18.75	9/7/90

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
922	WAREHOUSE	A O SMITH CORP	$7.59	2/9/92
		OMNI FREIGHT SERVICE	$8.00	6/18/90
		HONDA OF SEATTLE	$8.00	4/1/91
	WAREHOUSE WORKER	FENPRO INC	$6.80	11/15/89
	WAREHOUSE PERSON	MANPOWER TEMPORARY A	$6.50	3/28/92
		K & N MEATS	$7.50	1/13/92
		HERITAGE STAIRBUILDERS	$9.25	7/30/91
		CONSOLIDATED FREIGHT	$13.05	7/11/90
		SEALAND COMPANY	$14.00	3/14/92
	WAREHOUSE WORKER	NORTHSTAR FORWARDING	$10.00	4/25/90
		IDEAL BASIC INDSTRS CEM	$12.00	1/15/90
	WAREHOUSE/DRIVER	WEYERHAUSER RECYCLIN	$6.85	12/9/91
	WAREHOUSEMAN	PACIFIC PIPELINE	$5.75	3/19/90
		PRECOR	$9.00	8/12/91
		BON MARCHE	$10.00	9/30/92
		SEATTLE COLD STORAGE	$10.25	8/24/92
		UNITED PARCEL SERVICE	$13.48	9/4/91
929	LABORER	GUY F. ATKINSON CONSTR	$10.50	2/25/92
		SEATTLE SCAFFOLING	$13.00	7/1/92
	LEADER	NIPPON EXPRESS	$9.50	3/18/91
	LOADER	PORT OF SEATTLE	$9.00	1/22/91
		DARIGOLD	$13.90	9/2/91
		DARIGOLD	$13.90	9/2/91
	LOADER-LABORER	SUPERIOR FAST FREIGHT	$10.25	2/1/91
	MATERIAL HANDLER	KENWORTH TRUCK CO	$9.72	6/25/90
		KENWORTH TRUCKING	$10.00	7/2/90
	SAFE/WAREHOUSE DIR	UNITED SYSTEMS INC.	$10.00	5/29/91
	SALES ASSOCIATE	LAMONTS APPAREL INC	$4.50	7/25/91
	STEELMAKER	SALMON BAY STEEL CO	$9.85	10/28/91
	SUP. PROD. PLANNER	SALMON BAY STEEL	$20.00	6/28/91

DOT	JOB TITLE		PLAC_HRLY_:	PLAC_START:
929	WAREHOUSE MANAGER	PICKER INT'L	$10.90	10/29/90
950	BLDG MAINT MECH	VETERANS ADMIN HOSP	$12.51	7/30/90
	BUILDING ENGINEER	HORIZON PROP MGMNT	$10.00	4/1/90
	OPERATING ENGINEER	MOUNT ST VINCENT NURSI	$14.15	3/9/92
		CABRINI HOSPITAL	$15.40	4/5/91
	SERVICE MANAGER	COPPERS HOME CENTER	$12.00	8/1/92
952	DISPATCHER	SEATTLE CITY LIGHT	$10.38	10/26/90
	MACHINIST	DUWAMISH SHIPYARD INC	$12.01	10/13/90
954	UTILITY WORKER	METRO	$12.14	3/2/93
955	MATERIAL COLLECTOR	NORTHWEST RECOVERY SY	$6.90	12/23/91
	METER READER	HIGHLINE WATER	$10.30	6/6/91
	PLANT ATTENDANT	METRO WASTE WATER WP	$9.17	9/24/90
	UTILITY WORKER	METRO WASTEWATER TRE	$11.57	2/18/92
	WASTE WATER TECH	LYNNWOOD WATER TREAT	$12.08	7/13/92
972	SCANNER OPER	LASER IMAGES	$14.00	2/14/90
973	TYPESETTER	DOUGLAS PRINTING	$13.50	1/4/93
976	ENLARGEMENT PRINTER	BOEING PHOTO SERVICES	$9.15	8/7/89
	LITHOGRAPHER	UNION PRINTING	$7.26	3/28/90
	PHOTO FINISHING	ULTRAPRINT PHOTO LAB	$6.50	12/21/92
	PRINT PROOF PERSON	PACIFIC COLOR	$7.00	4/5/90

Chairman **Williams**. The time of the gentlelady is expired. We will do a second round so the gentlelady will have an opportunity to go beyond five minutes, but for the first time let's limit the first round to five minutes as we did the witnesses.

Mr. Klink.

Mr. **Klink**. Admiral, first of all, I had to be on the floor, and I missed your testimony. I have read through it briefly, so if I cover something you talked about before, I apologize.

Let me ask you, one of the things—I am from the Pittsburgh area. We have Westinghouse Electric, and they do a lot of business with the Navy. We have subcontractors left over from the steel industry. Not only are we concerned with job dislocation, but we are interested in the area of skills dislocation.

What happens—where do you find these skills once we take these people from those jobs to other jobs? That is why conversion to me is so important. Am I off the mark with that?

Admiral **Watkins**. I am not sure I addressed this earlier. I believe I did.

I certainly brought up the issue that has been in existence for many, many years, particularly in the last decade when we began to realize that the face of the workforce was changing in terms of skill needs, significantly changing, and that we had to keep up with technology and that companies were going to let off workers due to automation, introduction of robotics and so forth, and that we needed to take a hard look at what we were going to do to relocate and retrain and educate the workers in these skills.

We talk about the air frame industry. I dealt with a chief executive officer of one of the major defense suppliers not long ago. He is trying to determine what to do with the real estate given up due to the close-down of a major air facility where we made defense aircraft. The facility has $100 million liability for environment restoration liability and waste management.

That is rampant throughout the Defense Department, and it is at contractor-operated government facilities. It is just not a small issue. It is a major growth industry. In the Department of Energy alone, we are now spending over $6 billion a year. It is a five-year program, so it is a total of $30 billion.

I think that is trivial relative to what is possible in the entire defense, military industrial complex. I notice the latest estimates I saw were $24 billion a year for defense other than DOE for cleanup. I think that that is probably low and needs to be addressed.

So who best but the Boeing skilled workers, the Lockheed skilled workers and others to help out in that regard? That is not a one-for-one replacement, and I understand that. But it is a major growth industry where Federal funds are being dedicated to this, the Super Fund sites and so forth, and we don't have the people to do that.

We have a lot of rhetoric and a lot of talkers, but very few people actually know how to clean up this stuff. It is not simple. Neither is the technology simple. So we have to retrain these workers who are best at building aircraft to go back and say, okay, I know what special heavy metals are. I have dealt with them. I know where to find them. And I will help in the cleanup, but I have to be trained and educated in that area.

I believe that is where the military training facilities can come into play because they have the same problem. They have to deal with PCBs and all the other things that everyone else has to deal with. I think there is a tremendous growth industry there.

I think the transportation sector with the new transportation strategy—the Congress passed a rather—very fine bill a couple years ago, and it seems to me there is another area where we can focus. What are the skills needed to carry out the various programs?

So I think there is a need to look at the growth areas. One of the Chairman's comments earlier was we wanted to look at growth areas in Federal spending. I believe you have two right there. Certainly the environmental restoration and waste management is critical, and we do not need postdoctorals for that.

At Hanford, we have a growth industry there, and we are doing no defense work. We have been shut down for two years. The manpower demands are going up, and the investment is going up to over a billion a year now. It is the most contaminated site, and we are doing everything possible to take the skills in the Washington region and make sure they are utilized in Hanford. First, the Hanford employees, but, in addition, there are going to have to be others.

But there is a piece of good news, and that is that we are trying to clean up, and we need the skills. So there is an area for defense workers to migrate over into something very useful now.

Mr. KLINK. Conversely, Admiral, in case of a national emergency those workers would be available and still know how to manufacture aircraft and so on. That is one of my worries.

Admiral WATKINS. My worry is that, too, Mr. Klink. And what I did in my testimony is say, look, if we have unique skills we want to keep in what I call the industrial base reserves so unique we have to watch them, then let's call them that.

We do it in the military. The uniformed member is in the reserve, and they are called up. We know who they are, how they are maintaining skills. So let's let the Defense Department tell us what unique skills do you need to maintain in the industrial base, at least for a few years, have them affiliate and pay them a modest amount. But something like an industrial base call-up reserve.

I think it can be done. I just think we need to dedicate ourselves to it. And also those workers would appreciate that. They like to work in defense, and my experience has been that they will want to go back to defense work if they can.

So this will give them a place in the sun if there is something special. They are skilled, and we are going to keep tabs on them because they are important to us.

Mr. KLINK. Mr. Bischak, I apologize. I didn't hear your testimony either. But one of the areas that may relate to what I am talking to the Admiral about, how do we get this technology—we spent these tens of billions on technology. How do we get it into the workforce?

Again, we are dealing with a lot of issues—NAFTA being one of the issues—but we realize on a wage basis we cannot compete with a lot of other countries, not only Mexico, on a productivity base.

These countries' workers can produce and be trained to produce very well.

So I believe that our technology base is the thing that will give this Nation an edge. How do we take advantage of that as we go through conversion?

Mr. **Bischak**. The experiences from corporations who have actually begun the kind of diversification and conversion process indicate that there are certain key steps that have to be taken. One is the managers and engineers who are dedicated to defense work and have to learn to do the work demanded in the commercial sector, the cost and quality-control norms that are prevalent in the commercial sector, are not similar at all to what the defense sector in a cost-plus environment and performance-driven environment have been involved in.

One of the key things that remains unexploited in the defense conversion package that was passed last year is to put together the kind of industry-university consortia to facilitate the retraining of dedicated defense workers, particularly the managers who have few occupational prospects because they have been working with the bureaucratic requirements of the Pentagon. They have the biggest problem, and I would be interested in about the white collar experiences that some of the local officials have dealt with on that front.

But our experience indicates that those folks are going to have the biggest problem.

On the technology end, the engineers—for example, Hughes Corporation—has found that engineers have to be reoriented to essentially engineer for cost and quality controls in the commercial market as opposed to performance. These are absolutely key, along with having strategic orientation defining technology competencies in emerging and growing markets, that the firm is not going to be entering a new environment but exploiting this expertise. These will be the keys of doing the technology transfers.

I think one thing missing from the puzzle is tax incentives to lower the entry barriers into commercial sectors for essentially defense firms trying to convert, because there are entry costs, retooling costs and retraining costs.

Mr. **Klink**. Thank you.

Chairman **Williams**. Ms. Woolsey.

Ms. **Woolsey**. Thank you for this wonderful information. I have so many questions, but what I would like to do is tell you about two proposals I have.

I think, Mr. Tetro, you talked about the administration bringing us the program to help formulate all of what will go on. I have two proposals that I hope can be part of the administration's proposal, and what I would like to do is just go over them briefly with you and have you know if we don't have time to talk about it fully today I would like—I would like to prepare and present to each of you our proposals and get your feedback on it.

[The information referred to follows:]

I

103D CONGRESS
1ST SESSION

H. R. 2788

To amend the Job Training Partnership Act to provide for the establishment of standards to ensure long-term economic self-sufficiency for participants in adult training programs carried out under part A of title II of that Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 1993

Ms. WOOLSEY introduced the following bill; which was referred to the Committee on Education and Labor

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A BILL

To amend the Job Training Partnership Act to provide for the establishment of standards to ensure long-term economic self-sufficiency for participants in adult training programs carried out under part A of title II of that Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Self-Sufficiency Standard Act".

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) the principle objective of programs under part A of title II of the Job Training Partnership Act (29 U.S.C. 1601 et seq.) is to move economically disadvantaged adults into permanent, unsubsidized employment that pays a wage that enables such adults to achieve long-term economic self-sufficiency for themselves and their dependents;

(2) current measures of success of such programs do not accurately assess the degree to which participants achieve long-term economic self-sufficiency;

(3) in order to ensure that such programs result in long-term economic self-sufficiency for participants, performance standards must focus both on the wage and benefits a participant receives relative to the participant's family size and needs, and on the duration and stability of the participant's employment; and

(4) the wage and benefits needed to achieve long-term economic self-sufficiency will vary by family size and local market conditions governing prices of essential goods and services.

(b) PURPOSES.—The purposes of this Act are—

(1) to provide for the establishment and use of local economic self-sufficiency standards tables to ac-

curately measure the effectiveness of adult training programs carried out under part A of title II of the Job Training Partnership Act (29 U.S.C. 1601 et seq.); and

(2) to provide grants to States to develop demonstration and exemplary programs to increase the number of participants under such programs who are trained and placed in jobs that yield long-term economic self-sufficiency using the local economic self-sufficiency standards tables.

SEC. 3. DEFINITION OF ECONOMIC SELF-SUFFICIENCY.

Section 4 of the Job Training Partnership Act (29 U.S.C. 1503) is amended by adding at the end the following new paragraph:

"(41) The term 'economic self-sufficiency' means the ability of an individual to meet the following basic needs for the individual and such individual's family:

"(A) Housing.

"(B) Child care.

"(C) Adult dependent care.

"(D) Food.

"(E) Transportation.

"(F) Health care.

"(G) Work-related expenses.".

SEC. 4. ESTABLISHMENT OF ECONOMIC SELF-SUFFICIENCY STANDARDS FOR ADULT TRAINING PROGRAMS.

(a) IN GENERAL.—Section 106(b) of such Act (29 U.S.C. 1516(b)) is amended by adding at the end the following new paragraph:

"(9) ECONOMIC SELF-SUFFICIENCY STANDARDS FOR ADULT PROGRAMS.—

"(A) FORMULA DEVELOPED BY THE SECRETARY.—(i)(I) Not later than 6 months after the date of the enactment of this paragraph, the Secretary shall develop and publish in the Federal Register a proposed formula which measures the minimum amount of wages and employment benefits that a participant enrolled in a program under part A of title II should receive after termination from such program to ensure the long-term economic self-sufficiency of such participant.

"(II) The Secretary shall provide for public review and comment of the proposed formula described in subclause (I) within the 60-day period beginning on the date such formula is published in the Federal Register. Not later than 4 months after the end of such 60-day period, the Secretary shall develop and publish in the Federal Register a final formula.

"(ii) The Secretary shall base the formula described in clause (i) on appropriate factors, which shall include—

"(I) the participant's family size and composition, including the number and age of dependent adults and children;

"(II) 100 percent of the average housing costs, which shall be based on the fair market rental in effect for the market area in which the participant resides, as established by the Secretary of Housing and Urban Development pursuant to section 8(c) of the United States Housing Act of 1937;

"(III) 100 percent of the average child care costs (differentiated by the age of each child), which may be based on the actual cost of such care established under section 402(g)(1)(C)(i)(I) the Social Security Act or the applicable local market rate established under clause (ii) of such section;

"(IV) 100 percent of the average adult dependent care costs, which may be based on local surveys or the local average of such costs;

"(V) 100 percent of the average health care costs, which shall include costs incurred for full family health care coverage (including premiums, deductibles, and co-payments), and which may be based on local surveys or the local average of such costs;

"(VI) 100 percent of the average transportation costs, which may be based on local surveys or the local average of such costs;

"(VII) 100 percent of the food costs, which shall be equal to ⅓ of the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2)); and

"(VIII) 100 percent of the average work-related costs, which shall include the cost of uniforms, tools, and other appropriate work-related costs.

"(iii) The Secretary shall also designate, from among the needs identified through the needs assessment conducted under this Act, those needs which shall be used by a service delivery area to develop the summary needs table under section 104(b)(14)(B).

"(B) LOCAL ECONOMIC SELF-SUFFICIENCY STANDARDS TABLES DEVELOPED BY SERVICE DELIVERY AREAS.—(i) Not later than 12 months after the date on which the Secretary publishes the final formula in the Federal Register under subparagraph (A)(i)(II), each service delivery area shall, in accordance with such formula, develop and submit to the Governor a local economic self-sufficiency standards table which measures the minimum amount of wages and employment benefits that a participant enrolled in a program under part A of title II in such area should receive after termination from such program to ensure the long-term economic self-sufficiency of such participant.

"(ii) The Secretary shall provide technical assistance to States and service delivery areas for the purpose of assisting such service delivery areas to develop the local economic self-sufficiency standards tables under clause (i).

"(C) APPROVAL AND DISAPPROVAL OF TABLE.—(i) Not later than 30 days after the date on which the Governor receives a local economic self-sufficiency standards table submitted by a service delivery area under subparagraph (B)(i), the Governor shall review such table and approve or disapprove such table in accordance with this subparagraph.

"(ii) The Governor shall approve each local economic self-sufficiency standards table only if—

"(I) such table accounts for the full range of variations of family size and composition described in subclause (I) of subparagraph (A)(ii);

"(II) such table accounts for 100 percent of each of the costs described in subclauses (II) through (VIII) of subparagraph (A)(ii);

"(III) the methodology used to determine such costs accurately represent such costs; and

"(IV) such table complies with all other provisions of the formula developed by the Secretary under subparagraph (A).

"(iii) If the Governor determines that the table does not meet the requirements of clause (ii) or is otherwise incomplete or unsatisfactory, the Governor shall, before the end of the period referred to in clause (i)—

"(I) notify the service delivery area of the reasons for the failure to approve the table;

"(II) notify the service delivery area that the table may be resubmitted during the period referred to in subclause (III); and

"(III) permit the service delivery area to resubmit a corrected or amended table during the 30-day period beginning on notification under this clause.

"(iv) The Governor shall review and approve or disapprove any table resubmitted under clause (iii) beginning before the expiration of the 30-day period beginning upon such resubmission.

"(D) ANNUAL UPDATES.—Each service delivery area shall update the local economic self-sufficiency standards table developed by such area on an annual basis and shall submit to the Governor a description of the updated version of such table.".

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 106(b) of such Act (29 U.S.C. 1516(b)(3)) is amended by striking "The Secretary" and inserting "In addition to the standards under local economic self-sufficiency standards tables developed pursuant to paragraph (9), the Secretary".

SEC. 5. PROHIBITION OF INCENTIVE GRANTS TO SERVICE DELIVERY AREAS THAT DO NOT HAVE IN EFFECT AN APPROVED LOCAL ECONOMIC SELF-SUFFICIENCY STANDARDS TABLE.

(a) IN GENERAL.—Paragraph (7) of section 106(b) of such Act (29 U.S.C. 1516(b)(7)) is amended—

(1) by striking "From funds available" and inserting "(A) Subject to subparagraph (B), from funds available";

(2) by redesignating clauses (i) and (ii) of subparagraph (D) as subclauses (I) and (II), respectively;

(3) by redesignating subparagraphs (A) through (E) of such paragraph as clauses (i) through (v), respectively; and

(4) by adding at the end the following new subparagraph:

"(B) A Governor shall not award incentive grants for programs under part A of title II to service delivery areas that do not have in effect a local economic self-sufficiency standards table approved under paragraph (9)(C).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect 2 years after the date of the enactment of this Act.

SEC. 6. INCLUSION OF LOCAL ECONOMIC SELF-SUFFICIENCY STANDARDS TABLE AND RELATED REPORTS IN JOB TRAINING PLAN.

(a) LOCAL ECONOMIC SELF-SUFFICIENCY STANDARDS TABLE.—Subparagraph (B) of section 104(b)(5) of such Act (29 U.S.C. 1514(b)(5)(B)) is amended by inserting ", including the local economic self-sufficiency standards table developed pursuant to subsection (b)(9) of such section" after "section 106".

(b) ANNUAL REPORTS.—Subsection (b) of section 104 of such Act (29 U.S.C. 1514(b)) is amended—

(1) in paragraph (12), by striking "; and" and inserting a semi-colon;

(2) in paragraph (13), by striking the period at the end of such paragraph and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(14) procedures for the preparation and submission of an annual report to the Governor, which shall include—

"(A) with respect to each participant who has completed training under a program carried out under part A of title II in the service delivery area, information relating to—

"(i) the type and amount of services provided to such participant under the program;

"(ii) the subsequent employment of the participant, where appropriate, including the amount of wages and employment benefits received by the participant under such employment; and

"(iii) the degree of long-term economic self-sufficiency which the participant has achieved as a result of the training received by the participant under the program based upon the local economic self-sufficiency standards table; and

"(B) a summary needs table which—

"(i) ranks and places participants into at least 4 categories of equal size based upon the needs designated by the Secretary under section 106(b)(9)(A)(iii);

"(ii) includes a description of the level of measurements used to place the participants into such categories; and

"(iii) includes a description of the degree to which participants in each category achieved long-term economic self-sufficiency after termination from a program under part A of title II.".

SEC. 7. INCLUSION OF LOCAL ECONOMIC SELF-SUFFICIENCY STANDARDS TABLES AND RELATED REPORTS IN GOVERNOR'S COORDINATION AND SPECIAL SERVICES PLAN.

Subsection (b) of section 121 of such Act (29 U.S.C. 1531(b)) is amended—

(1) by redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectively; and

(2) by inserting after paragraph (5) the following new paragraph:

"(6) The plan shall include—

"(A) the local economic self-sufficiency standards table developed by each service delivery areas pursuant to section 106(b)(9);

"(B) a compilation of the reports received by the Governor under section 104(b)(14); and

"(C) a description of goals and objectives to assist participants enrolled in programs under part A of title II achieve long-term economic self-sufficiency.".

SEC. 8. DEMONSTRATION PROGRAMS TO IMPLEMENT LOCAL ECONOMIC SELF-SUFFICIENCY STANDARDS TABLES.

(a) IN GENERAL.—Part D of title IV of such Act (29 U.S.C. 1737 et seq.) is amended by adding at the end the following new section:

"SEC. 457. ECONOMIC SELF-SUFFICIENCY DEMONSTRATION GRANT PROGRAM.

"(a) AUTHORIZATION.—

"(1) IN GENERAL.—From funds available under this part for the fiscal years 1996, 1997, and 1998, the Secretary shall use $1,500,000 in each such fiscal year to provide grants to States to establish and carry out demonstration and exemplary programs to increase the number of participants in programs under part A of title II who are trained and placed in jobs that yield long-term economic self-sufficiency in accordance with the local economic self-sufficiency standards tables under section 106(b)(9).

"(2) LIMITATION.—The Secretary may provide no more than 6 grants in each fiscal year under paragraph (1).

"(b) APPLICATION.—The Secretary may provide a grant to a State under subsection (a) only if such State submits to the Secretary an application which contains such information as the Secretary may reasonably require.

"(c) USE OF FUNDS.—

"(1) IN GENERAL.—A State shall use amounts received from a grant under subsection (a) to award grants to service delivery areas and eligible service providers described in paragraph (3) to develop and test strategies to train, place, and retain participants in jobs that yield long-term economic self-sufficiency in accordance with the local economic self-sufficiency standards tables under section 106(b)(9).

"(2) APPROPRIATE LEVEL OF SERVICES.—In providing grants under paragraph (1), a State shall ensure that each service delivery area or service provider provides for an appropriate level of services, including supportive services, to participants using the relevant local economic self-sufficiency standards tables developed by the service delivery area.

"(3) ELIGIBLE SERVICE PROVIDERS.—Eligible service providers described in this paragraph are community-based organizations, educational institutions, or any other service providers in the State that have a demonstrated success in—

"(A) providing occupational skills training to participants for high-wage jobs; and

"(B) ensuring that participants receive supportive services in order to successfully complete such training.

"(d) ADMINISTRATIVE AND RELATED COSTS.—In any fiscal year in which a State receives amounts from a grant under subsection (a), the State may retain an amount not to exceed 10 percent of the grant amount to—

"(1) pay the administrative costs of programs established and carried out under subsection (a);

"(2) facilitate the coordination of statewide approaches to training and placing participants in jobs yielding long-term economic self-sufficiency; and

"(3) provide technical assistance to service delivery areas and service providers.

"(e) SELECTION.—In providing grants to States under subsection (a), the Secretary shall consider—

"(1) the extent to which the State has demonstrated that the coordination of services provided under this Act with services provided by agencies and organizations addressing the basic needs of low-income individuals, including housing, food, transportation, dependent care, and health care, has resulted in the prompt and efficient delivery of services to participants under this Act;

"(2) the extent to which the State has demonstrated its capability to ensure the provision of all needed supportive services to participants in any job training program carried out in the State for the duration of such participants' enrollment;

"(3) the extent of private sector involvement in the development and implementation of training programs that increase opportunities for participants to achieve long-term economic self-sufficiency under this Act in the State;

"(4) the extent to which the initiatives proposed by a State in its application supplement or build upon existing efforts in the State to train and place individuals in jobs that increase opportunities for participants to achieve long-term economic self-sufficiency;

"(5) whether the proposed amount of the grant to be provided under subsection (a) is sufficient to accomplish measurable goals;

"(6) the extent to which the State is prepared to disseminate information on its demonstration training programs relating to training, placement, and other services; and

"(7) the extent to which the State is prepared to produce materials that allow for replication of such State's demonstration training programs.

"(f) EVALUATION.—The Secretary shall provide for an evaluation of the programs established and carried out under subsection (a), including evaluation of the effectiveness of such programs in—

"(1) assisting participants with varying needs in achieving long-term economic self-sufficiency through training, placement, and other services;

"(2) effectively implementing the use of local economic self-sufficiency standards tables to increase the number of participants achieving long-term economic self-sufficiency; and

"(3) developing and replicating approaches to assist participants with varying needs in achieving long-term economic self-sufficiency through training, placement, and other services.".

(b) CONFORMING AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 456 the following new item:

"Sec. 457. Economic self-sufficiency demonstration grant program.".

SEC. 9. REPORT AND RECOMMENDATIONS.

(a) REPORT.—Not later than 2 years after the date on which the Secretary provides the 1st grant to a State under section 457(a)(1) of the Job Training Partnership Act and biennially thereafter, the Secretary of Labor shall submit to the Congress a report on—

(1) the extent to which States, service delivery areas, and other service providers have succeeded in training, placing, and retaining participants enrolled in programs under part A of title II of such Act in jobs yielding long-term economic self-sufficiency; and

(2) the effectiveness of the demonstration programs established under section 457 of such Act in developing and replicating approaches to train, place, and retain participants in such jobs, including a summary of activities performed by grant recipients under the demonstration programs authorized under such section.

(b) RECOMMENDATIONS.—The report described in subsection (a) shall include recommendations on—

(1) the need to continue, expand, or modify the demonstration programs established under section 457 of the Job Training Partnership Act;

(2) legislative and administrative changes necessary to increase opportunities for participants to achieve long-term economic self-sufficiency; and

(3) legislative and administrative action necessary to institutionalize the use of local economic self-sufficiency standards tables as the principal measure of performance for programs carried out under part A of title II of the Job Training Partnership Act (29 U.S.C. 1601 et seq.) such that—

(A) the basic measure of performance for such programs shall be the achievement of long-term economic self-sufficiency resulting from participation in the program;

(B) placements are evaluated according to whether the wages and employment benefits meet the participant's particular long-term economic self-sufficiency needs;

(C) both wages and the cash value of employment benefits are used to determine whether a participant has achieved the self-sufficiency standard for their particular family size and composition;

(D) in order to ensure that participants with varying needs are served equitably, the placements shall be equitably distributed among the categories contained in the summary needs table established by the service delivery area in the job training plan prepared under section 104(b)(14)(B) of the Job Training Partnership Act; and

(E) incentive grants under section 106(b)(7) of such Act (29 U.S.C. 1516(b)(7)) are provided to service delivery areas based primarily on the extent to which such areas exceed the standards under the local economic self-sufficiency standards table for such areas.

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103D CONGRESS
1ST SESSION

H. R. 3234

To provide a comprehensive program of adjustment assistance to workers displaced as a result of any program, project, or activity carried out under Federal law.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 6, 1993

Ms. WOOLSEY (for herself, Mr. BROWN of California, Mr. TUCKER, Mr. STARK, Mr. FILNER, Mr. TORRES, Mr. GIBBONS, Mr. SANDERS, Mr. NEAL of Massachusetts, Mr. DICKS, Ms. FURSE, Ms. ROYBAL-ALLARD, Mr. EDWARDS of California, Mr. BECERRA, Mr. WAXMAN, Mr. BERMAN, Mr. FAZIO, Mr. FARR of California, Mr. BEILENSON, Ms. PELOSI, Mr. CONYERS, Mr. BISHOP, and Mr. WYNN) introduced the following bill; which was referred jointly to the Committees on Ways and Means, Education and Labor, and Energy and Commerce

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A BILL

To provide a comprehensive program of adjustment assistance to workers displaced as a result of any program, project, or activity carried out under Federal law.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Displaced Worker Retraining Act of 1993".

SEC. 2. TABLE OF CONTENTS.

The table of contents is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. Authorization of appropriations.
Sec. 4. Definitions.

TITLE I—GRANTS TO STATES TO PROVIDE WORKER ADJUSTMENT ASSISTANCE BENEFITS TO ELIGIBLE DISPLACED WORKERS

Sec. 101. Authorization.
Sec. 102. Application.
Sec. 103. Reports.

TITLE II—WORKER ADJUSTMENT ASSISTANCE BENEFITS

Subtitle A—Income Support

Sec. 211. Eligibility.
Sec. 212. Weekly income support.
Sec. 213. Application of State laws.

Subtitle B—Wage Supplements

Sec. 221. Eligibility.
Sec. 222. Weekly wage supplement.

Subtitle C—Training

Sec. 231. Approval of training.
Sec. 232. Training programs.
Sec. 233. Supplemental assistance.
Sec. 234. Payment of costs of on-the-job training.
Sec. 235. Eligibility for unemployment insurance.

Subtitle D—Rapid Response Assistance, Basic Readjustment Services, Relocation Allowances, and Job Search Allowances

Sec. 241. Rapid response assistance and basic readjustment services.
Sec. 242. Relocation allowances.
Sec. 243. Job search allowances.

TITLE III—GENERAL PROVISIONS

Sec. 301. Fraud and recovery of overpayments.
Sec. 302. Penalties.
Sec. 303. Subpoena power.
Sec. 304. Regulations.

SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated from the general fund of the Treasury such amounts as may be necessary to carry out the purposes of this Act.

SEC. 4. DEFINITIONS.

For purposes of this Act, the following definitions apply:

(1) AVERAGE WEEKLY HOURS.—The term "average weekly hours" means the average hours worked by the individual (excluding overtime) in the employment from which the individual has been or claims to have been separated in the 52 weeks (excluding weeks during which the individual was sick or on vacation) preceding the week specified in the last sentence of paragraph (2)(A).

(2) AVERAGE WEEKLY WAGE.—

(A) IN GENERAL.—The term "average weekly wage" means the lower of—

(i) $1,000; or

(ii) 1/13 of the total wages paid to an individual in the high quarter.

For purposes of clause (ii), the high quarter is that quarter in which the individual's total wages were highest among the first 4 of the last 5 completed calendar quarters immediately before the quarter in which occurs the week with respect to which the computation is made. Such week shall be the week in which total separation occurred, or, in cases where partial separation is claimed, an appropriate week, as defined in regulations prescribed by the Secretary.

(B) COST-OF-LIVING ADJUSTMENT.—Effective December 1 of each year after the calendar year in which the date of the enactment of this Act occurs, the dollar amount in subparagraph (A)(i) shall be increased by the percent change in the Consumer Price Index (all items—United States city average) published by the Bureau of Labor Statistics by the percent change in the price index for the base quarter of such year over the price index for the base quarter of the preceding year in which an adjustment under this subparagraph was made, adjusted to the nearest 1/10 of 1 percent. For purposes of applying this subparagraph for the first time, "$1,000" in subparagraph (A)(i) shall be treated as including an adjustment made under this subparagraph in the base quarter ending on September 30, 1993. As used in this subparagraph—

(i) the term "base quarter", as used with respect to a year, means the calendar quarter ending on September 30 of such year; and

(ii) the price index for a base quarter is the arithmetical mean of such index for the 3 months comprising the quarter.

(3) DISLOCATION DATE.—The term "dislocation date" means, with respect to a displaced worker, the last day of the week specified in the last sentence of paragraph (2)(A). Any computation under this Act regarding weeks of employment before such date includes the week in which such date occurs.

(4) ON-THE-JOB TRAINING.—The term "on-the-job training" means training provided by an employer to an individual who is employed by the employer.

(5) PARTIAL SEPARATION.—The term "partial separation" means, with respect to an individual who has not been totally separated, that the individual has had—

(A) his or her hours of work reduced to 85 percent or less of his or her average weekly hours in employment; and

(B) his or her wages in such employment reduced to 85 percent or less of his or her average weekly wage.

(6) SECRETARY.—The term "Secretary" means the Secretary of Labor.

(7) STATE.—The term "State" means any of the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

(8) STATE AGENCY.—The term "State agency" means the agency of the State which administers the State law.

(9) STATE LAW.—The term "State law" means the unemployment insurance law of the State approved by the Secretary of Labor under section 3304 of the Internal Revenue Code of 1986.

(10) SUITABLE EMPLOYMENT.—The term "suitable employment" means, with respect to a displaced worker, work of a substantially equal or higher skill level than the worker's past employment, and wages for such work at not less than 85 percent of the worker's average weekly wage.

(11) TOTAL SEPARATION.—The term "total separation" means the layoff or severance of an individual from employment.

(12) UNEMPLOYMENT INSURANCE.—The term "unemployment insurance" means the unemployment compensation payable to an individual under any State law or Federal unemployment compensation law, including chapter 85 of title 5, United States Code, and the Railroad Unemployment Insurance Act.

(13) WEEK.—The term "week" means a week as defined in the applicable State law.

(14) WEEK OF UNEMPLOYMENT.—The term "week of unemployment" means a week of total, part-total, or partial unemployment, as determined under the applicable State law or Federal unemployment insurance law.

TITLE I—GRANTS TO STATES TO PROVIDE WORKER ADJUSTMENT ASSISTANCE BENEFITS TO ELIGIBLE DISPLACED WORKERS

SEC. 101. AUTHORIZATION.

(a) IN GENERAL.—The Secretary of Labor, in consultation with the heads of appropriate Federal agencies, shall, from amounts appropriated pursuant to section 3, provide grants to States for the purpose of providing to eligible dislocated workers described in subsection (b) the worker adjustment assistance benefits described in title II.

(b) ELIGIBLE DISPLACED WORKERS.—An individual shall be eligible for worker adjustment assistance benefits under title II if the individual has been totally separated or partially separated from employment as a result of any program, project, or activity carried out under Federal law, as determined under criteria developed by the Secretary.

SEC. 102. APPLICATION.

(a) IN GENERAL.—The Secretary may not make a grant under section 101 to a State unless the State submits to the Secretary an application in such form and containing such information as the Secretary may reasonably require.

(b) CONTENTS.—Such application shall include assurances that—

(1) the State will use amounts received from a grant under section 101 to provide the worker adjustment assistance benefits under title II to eligible displaced workers in such State;

(2) the State will promptly provide written notice through the mail of such benefits available to each eligible displaced worker;

(3) the State will provide whatever assistance is necessary to enable eligible displaced workers to prepare applications for such benefits;

(4) the State will inform the State job training coordinating council established under section 122 of the Job Training Partnership Act (29 U.S.C. 1532), or equivalent agency, and other public or private agencies, institutions, and employers, as appropriate, of projections of the number of eligible displaced workers, if available, and of the needs for training of such workers; and

(5) the State will not deny or reduce unemployment insurance otherwise payable to any eligible displaced worker for any week by reason of any right to the benefits under title II.

SEC. 103. REPORTS.

(a) State Reports.—The Secretary may not provide a grant under section 101 to a State unless the State agrees to submit to the Secretary, in each fiscal year in which the Secretary makes payments under such grant to such State, a report containing such information as the Secretary may reasonably require.

(b) Reports to Congress.—The Secretary shall submit to the Congress, in each fiscal year in which the

Secretary makes payments under a grant under section 101, a report containing—

(1) a compilation of the information contained in each report submitted to the Secretary by a State under subsection (a) for such fiscal year; and

(2) an evaluation of the grant program.

TITLE II—WORKER ADJUSTMENT ASSISTANCE BENEFITS

Subtitle A—Income Support

SEC. 211. ELIGIBILITY.

(a) In General.—Subject to subsection (b), payment of income support shall be made as provided for in this subtitle to a displaced worker who applies for such support for any week of unemployment which begins after the dislocation date of the worker if the worker had—

(1) in the 156 weeks immediately preceding the dislocation date, at least 52 weeks of employment, and in the 52 weeks immediately preceding the dislocation date, at least 10 weeks of employment; or

(2) if data with respect to such weeks of employment are not available, equivalent amounts of employment computed under regulations prescribed by the Secretary.

(b) ADDITIONAL REQUIREMENTS.—A displaced worker shall be eligible to receive income support under this subtitle only if such worker—

(1) is actively seeking employment while receiving such income support; or

(2) is enrolled in a training program.

(c) TRAINING UNDER SUBTITLE C.—A displaced worker who is eligible under subsection (a) for income support is eligible to apply for training under subtitle C.

SEC. 212. WEEKLY INCOME SUPPORT.

(a) AMOUNT AND DURATION.—Subject to subsections (c), (d), and (e)—

(1) the income support amount payable to a displaced worker for a week of unemployment is an amount equal to the product of the average weekly wage of the worker and the appropriate income support factor set forth in subsection (b); and

(2) the maximum number of weeks for which income support is payable to a displaced worker is the number of consecutive weeks (commencing with the week occurring immediately after the dislocation date) that appear in column 2 of the following table opposite the period of months in column 1 of such table that corresponds to the number of months in

which the worker was employed before his or her dislocation date:

Column 1		Column 2
Months of worker employment before dislocation date		Maximum number of weeks for which income support payable
Not fewer than	Not more than	
12	18	39
18	24	52
24	30	65
30	36	78
36	42	91
42	48	104
48	54	117
54	60	130
60		156

No income support may be paid to a displaced worker for any week of unemployment that occurs after the last of the applicable maximum number of weeks specified for the worker in column 2, or, if applicable, the last of any additional weeks resulting from the application of subsection (c). Notwithstanding the preceding table, the maximum number of weeks for which income support is payable to any worker—

(A) who is employed in adversely affected employment for not fewer than 12 months and not more than 18 months before separation, and

(B) who is eligible for unemployment compensation for a period longer than 39 weeks, shall be—

(i) the number of weeks for which such worker is eligible for unemployment compensation, or

(ii) 52 weeks.

whichever is less

(b) INCOME SUPPORT FACTORS.—

(1) WORKERS NOT PARTICIPATING IN TRAINING OR WHO MAKE LATE APPLICATION FOR TRAINING.—The income support factors for weeks of unemployment for a displaced worker who does not enroll in training under subtitle C before the 183d day after his or her dislocation date is as follows:

(A) 60 percent for the 1st week and each week thereafter before the 53d week.

(B) 55 percent for the 53d week and any week thereafter before the 105th week.

(C) 50 percent for the 105th week and any week thereafter before the 157th week.

(2) WORKERS WHO MAKE PROMPT APPLICATION FOR TRAINING.—The income support factor for weeks of unemployment for a displaced worker who enrolls in training under subtitle C before the 183d day after his or her dislocation date is 60 percent, except that if such training is completed or the worker ceases to participate in such training as of

any week occurring after the 52d week of unemployment, subparagraph (B), or both subparagraphs (B) and (C) (as the case may be), of paragraph (1) apply with respect to weeks of unemployment occurring after the week in which such completion or cessation occurred.

(c) ADDITIONAL WEEKS OF INCOME SUPPORT.—If a displaced worker enrolls in training under subtitle C before the 183d day after his or her dislocation date, the maximum number of weeks of income support specified in column 2 of the table in subsection (a)(2) for the worker shall be extended by an additional consecutive number of weeks (but in no case more than 26 additional weeks) that the State considers to be reasonably necessary for the worker to complete a degree or certificate program under such training.

(d) ADJUSTMENT OF AMOUNT OF INCOME SUPPORT.—

(1) UNEMPLOYMENT ISSUANCE AND CERTAIN ADDITIONAL PAYMENTS.—The amount of income support payable under subsection (a) to a displaced worker for any week shall be reduced by the amount of—

(A) any unemployment insurance that the worker is receiving, or would receive if the worker applied for such insurance, with respect to that week, except that if the appropriate State agency or Federal agency finally decides that the worker is not entitled to unemployment insurance with respect to such week, reduction under this paragraph shall not apply with respect to such week; and

(B) any additional payment to the worker from any other public or private source.

(2) AGGREGATE RECEIPTS.—If, with respect to any week of unemployment, the total amount payable to a displaced worker as—

(A) remuneration for services performed during such week;

(B) income support;

(C) unemployment insurance; and

(D) any additional payment referred to in paragraph (1)(B),

exceeds 75 percent of the amount of the average weekly wage of the worker (or exceeds 85 percent of the amount of such average if the worker is participating in training under subtitle C), the income support payable for such week shall be reduced by the amount of such excess.

(e) WAGE SUPPLEMENT OFFSET.—If a displaced worker who has received wage supplements under subtitle B begins receiving income support under this subtitle, the maximum number of weeks of unemployment for which the worker is eligible for income support under subsection (b)(2) shall be reduced by 1 week for each week for which a wage supplement was received.

SEC. 213. APPLICATION OF STATE LAWS.

Except where inconsistent with the provisions of this subtitle and subject to such regulations as the Secretary may prescribe, the availability and disqualification provisions of the State law—

(1) under which a displaced worker is entitled to unemployment insurance (whether or not the worker has filed a claim for such insurance), or

(2) if the worker is not so entitled to unemployment insurance, of the State in which the worker was totally or partially separated,

shall apply to any such worker who files a claim for income support. The State law so determined with respect to a separation of a worker shall remain applicable, for purposes of the preceding sentence, with respect to such separation until such worker becomes entitled to unemployment insurance under another State law (whether or not such worker has filed a claim for such insurance).

Subtitle B—Wage Supplements

SEC. 221. ELIGIBILITY.

(a) In General.—Payment of a wage supplement shall be made as provided for in this subtitle to a displaced worker who applies for such supplement for any week of full-time employment which begins after the dislocation date of the worker if the worker meets the requirements of section 211(a).

(b) Part-Time Training Under Subtitle C.—A displaced worker who is eligible under subsection (a) for wage supplements is eligible to apply for part-time training under subtitle C.

SEC. 222. WEEKLY WAGE SUPPLEMENT.

(a) Amount.—The amount of a wage supplement payable under this subtitle for a week of full-time employment is an amount equal to the differences, if any, between—

(1) the wage the displaced worker earns during the week of full-time employment; and

(2) an amount equal to 85 percent of the worker's average weekly wage.

(b) Duration.—Subject to subsection (c), the maximum number of weeks of full-time employment for which wage supplements may be paid to a displaced worker under this subtitle is 156 weeks. No wage supplement may be paid to a worker for any week that occurs after the 156th week after the week in which the dislocation date of the worker occurred.

(c) INCOME SUPPORT OFFSET.—If a displaced worker who has received income support under subtitle A begins receiving wage supplements under this subtitle, the maximum number of weeks of full-time employment for which the worker is eligible for wage supplements under this subtitle shall be reduced by 1 week for each week for which income support was received.

Subtitle C—Training

SEC. 231. APPROVAL OF TRAINING.

(a) IN GENERAL.—

(1) CONDITIONS FOR APPROVAL.—If the State determines with respect to a displaced worker who is eligible under section 211(c) or 221(b) to apply for training under this subtitle that—

(A) there is no suitable employment (which may include technical and professional employment) available for the worker,

(B) the worker would benefit from appropriate training,

(C) there is reasonable expectation of suitable employment following completion of such training,

(D) training approved by the State is reasonably available to the worker from either governmental agencies or private sources (which may include institutions of higher education or area vocational education schools, as defined in section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act, and employers),

(E) the worker is qualified to undertake and complete such training, and

(F) such training is suitable for the worker and available at a reasonable cost,

the State shall approve such training for the worker.

(2) Priority for certain training programs.—In approving training under paragraph (1) for displaced workers, the State shall give priority to training programs for occupations and industries that utilize new technologies, including those training programs described in section 232(a)(6).

(3) Definitions.—

(A) Reasonable cost.—For purposes of applying paragraph (1)(F), the term "reasonable cost", as applied to any undergraduate, graduate, professional, or post-graduate program at an institution of higher education, is a tuition cost that does not exceed the maximum average tuition cost of like programs offered at the public institutions of higher education in the State concerned.

(B) REASONABLE EXPECTATION OF SUITABLE EMPLOYMENT.—For purposes of applying paragraph (1)(C), a reasonable expectation of suitable employment does not require that suitable employment opportunities for a worker be available, or offered, immediately upon the completion of training approved under paragraph (1).

(b) PAYMENT OF COSTS.—The following requirements apply with respect to the provision of training under this subtitle:

(1) If the costs of training a displaced worker are paid by the State under subsection (a), no other payment for such costs may be made under any other provision of Federal law.

(2) No payment may be made under subsection (a) of the costs of training a displaced worker if such costs—

(A) have already been paid under any other provision of Federal law; or

(B) are reimbursable under any other provision of Federal law and a portion of such costs have already been paid under such other provision of Federal law.

(3) The provisions of this subsection do not apply to, or take into account, any funds provided under any other provision of Federal law which are used for any purpose other than the direct payment of the costs incurred in training a particular displaced worker, even if such use has the effect of indirectly paying or reducing any portion of the costs involved in training the worker.

(c) TRAINING COSTS PAID FROM OTHER SOURCES.—

(1) IN GENERAL.—The State is not required under this subtitle to pay the costs of any training approved under subsection (a) to the extent that such costs are paid—

(A) under any Federal or State program other than this part; or

(B) from any source other than this section.

(2) REPAYMENT AGREEMENT.—Before approving any training to which paragraph (1) may apply, the State may require that the displaced worker

enter into an agreement with the State under which the State will not be required to pay under this subtitle the portion of the costs of such training that the worker has reason to believe will be paid under the program, or by the source, described in subparagraph (A) or (B) of paragraph (1).

SEC. 232. TRAINING PROGRAMS.

(a) TYPES THAT MAY BE APPROVED.—The training programs that may be approved under section 231(a) include—

(1) technical, vocational, undergraduate, graduate, professional, and post-graduate programs of study;

(2) on-the-job training;

(3) training programs approved by a private industry council established under section 103 of the Job Training Partnership Act (29 U.S.C. 1512);

(4) any program of remedial education;

(5) any training program (other than a training program described in subsection (b)) for which all, or any portion, of the costs of training the worker are paid—

(A) under any Federal or State program other than this subtitle; or

(B) from any source other than this section;

(6) any training program in environmental engineering, environmental cleanup, advanced telecommunications, transportation, infrastructure, and computers; and

(7) any other training program approved by the State.

Training programs shall be made available on both full-time and part-time bases to meet the respective needs of displaced workers. The State shall prescribe regulations which set forth the criteria under each of the training categories listed in paragraphs (1) through (7) that will be used as the basis for approving training programs under section 231.

(b) RESTRICTIONS ON APPROVAL.—The State may not approve a training program if—

(1) all or a portion of the costs of the training program are paid under any nongovernmental plan or program;

(2) the displaced worker has a right to obtain training or funds for training under such plan or program; and

(3) such plan or program requires the worker to reimburse the plan or program from funds pro-

vided under this subtitle, or from wages paid under such training program, for any portion of the costs of such training program paid under the plan or program.

(c) DURATION OF TRAINING.—The maximum number of weeks of training that a displaced worker may receive under this subtitle is 156 weeks. For purposes computing such maximum number of weeks, any week (or aggregate number of days that equals a week) that is not treated as a week or day within the regular academic or instructional year (or equivalent period) of the institution or entity providing the training shall be excluded.

SEC. 233. SUPPLEMENTAL ASSISTANCE.

The State may, where appropriate, authorize supplemental assistance necessary to defray reasonable transportation and subsistence expenses for separate maintenance when training is provided in facilities which are not within commuting distance of a displaced worker's regular place of residence. The State may not authorize—

(1) payments for subsistence that exceed whichever is the lesser of—

(A) the actual per diem expenses for subsistence; or

(B) payments at 50 percent of the prevailing per diem allowance rate authorized under the Federal travel regulations; or

(2) payments for travel expenses exceeding the prevailing mileage rate authorized under the Federal travel regulations.

SEC. 234. PAYMENT OF COSTS OF ON-THE-JOB TRAINING.

The State shall pay the costs of any on-the-job training of a displaced worker that is approved under section 231(a) in equal monthly installments, but the State may pay such costs, notwithstanding any other provision of this section, only if—

(1) no currently employed worker is displaced by such displaced worker (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits);

(2) such training does not impair existing contracts for services or collective bargaining agreements;

(3) in the case of training which would be inconsistent with the terms of a collective bargaining agreement, the written concurrence of the labor organization concerned has been obtained;

(4) no other individual is on layoff from the same, or any substantially equivalent, job for which such displaced worker is being trained;

(5) the employer has not terminated the employment of any regular employee or otherwise reduced the workforce of the employer with the intention of filling the vacancy so created by hiring such displaced worker;

(6) the job for which such displaced worker is being trained is not being created in a promotional line that will infringe in any way upon the promotional opportunities of currently employed individuals;

(7) such training is not for the same occupation which requires the same level of skill as that from which the worker was separated;

(8) the employer certifies to the State that the employer will continue to employ such worker for at least 26 weeks after completion of such training if the worker desires to continue such employment and the employer does not have due cause to terminate such employment;

(9) the employer has not received payment under section 231(a) with respect to any other on-the-job training provided by such employee which

failed to meet the requirements of paragraphs (1) through (6); and

(10) the employer has not taken, at any time, any action which violated the terms of any certification described in paragraph (8) made by such employee with respect to any other on-the-job training provided by such employer for which the State has made a payment under section 231(a).

SEC. 235. ELIGIBILITY FOR UNEMPLOYMENT INSURANCE.

A displaced worker may not be determined to be ineligible or disqualified for unemployment insurance or benefits under this Act because—

(1) the individual is in training approved under section 231(a);

(2) of leaving work which is not suitable employment to enter such training; or

(3) of the application to any such week in training of provisions of State law or Federal unemployment insurance law relating to availability for work, active search for work, or refusal to accept work.

Subtitle D—Rapid Response Assistance, Basic Readjustment Services, Relocation Allowances, and Job Search Allowances

SEC. 241. RAPID RESPONSE ASSISTANCE AND BASIC READJUSTMENT SERVICES.

(a) ELIGIBILITY.—An individual who is—

(1) a displaced worker (whether or not eligible for benefits under subtitle A or B); or

(2) an individual who—

(A) has received notice of impending total or partial separation from employment; and

(B) had in the 52 weeks immediately preceding the date of such notice at least 10 weeks of employment;

is entitled to the rapid response assistance and basic readjustment services under this subtitle.

(b) DURATION.—An individual described in subsection (a) is entitled to receive rapid response assistance and basic readjustment services—

(1) if applicable, on and after the date of the notice referred to in subsection (a)(2) and before the day after the dislocation date of the individual; and

(2) during the period of—

(A) the 13 consecutive weeks commencing with the week immediately following the dislocation date, in the case of rapid response assistance; and

(B) the 156 consecutive weeks commencing with the week immediately following the dislocation date, in the case of basic readjustment services.

(c) DELIVERY OF RAPID RESPONSE ASSISTANCE.—

(1) IMPENDING PERMANENT CLOSURE OR SUBSTANTIAL LAYOFF.—In a situation involving an impending permanent closure or substantial layoff of 50 or more individuals, a State may provide funds, where other public or private resources are not expeditiously available, for a preliminary assessment of the advisability of conducting a comprehensive study exploring the feasibility of having a company or group, including the workers, purchase the plant and continue it in operation.

(2) OVERSIGHT BY SECRETARY.—The Secretary shall oversee the administration by each State of the rapid response assistance services provided in such State and the effectiveness, efficiency, and timeliness of the delivery of such services. If the Secretary determines that such services are not being performed

adequately, the Secretary shall implement appropriate corrective action, including, where necessary, the selection of a new rapid response assistance service provider.

(d) RAPID RESPONSE ASSISTANCE AND BASIC READJUSTMENT SERVICES DESCRIBED.—For purposes of this subtitle—

(1) the term "rapid response assistance" means assistance described in section 314(b) of the Job Training Partnership Act (29 U.S.C. 1661c(b)); and

(2) the term "basic readjustment services" means services described in section 314(c) of such Act (29 U.S.C. 1661c(c)).

SEC. 242. RELOCATION ALLOWANCES.

(a) IN GENERAL.—A displaced worker (whether or not eligible for benefits under subtitle A or B) may file an application with the State for a relocation allowance under this section.

(b) CONDITIONS.—A relocation allowance may be granted only to assist a displaced worker in relocating within the United States and only if the State determines that such worker cannot reasonably be expected to secure suitable employment in the commuting area in which the worker resides and that such worker—

(1) has obtained—

(A) suitable employment affording a reasonable expectation of long-term duration in the area in which the worker wishes to relocate; or

(B) a bona fide offer of such employment; and

(2) is totally separated from employment at the time relocation commences.

(c) RELOCATION ALLOWANCE DEFINED.—For the purposes of this section, the term "relocation allowance" means—

(1) 90 percent of the reasonable and necessary expenses (including subsistence and transportation expenses at levels not exceeding those allowable under section 223(1) and (2)) specified in regulations prescribed by the State, incurred in transporting a worker and his or her family if any, and household effects, and

(2) a lump sum 2 times the weekly wage (excluding overtime, bonuses, or any other payment not considered basic wage) received by the worker in the last week of 35 or more hours of work occurring before the worker's dislocation date,

except that the aggregate of such expenses and lump sum paid to any displaced worker may not exceed $4,000.

SEC. 243. JOB SEARCH ALLOWANCES.

(a) IN GENERAL.—A displaced worker (whether or not eligible for benefits under subtitle A or B) may file an application with the State for a job search allowance. Such allowance, if granted shall provide reimbursement to the worker of 90 percent of the cost of necessary job search expenses as prescribed by regulations of the State, except that—

(1) such reimbursement may not exceed $800 for any worker; and

(2) reimbursement may not be made for subsistence and transportation expenses at levels exceeding those allowable under section 233.

(b) CONDITIONS.—A job search allowance may be granted only—

(1) to assist a displaced worker who has been totally separated in securing a job within the United States;

(2) where the State determines that such worker cannot reasonably be expected to secure suitable employment in the commuting area in which the worker resides; and

(3) where the worker has filed an application for such allowance with the State before—

(A) the later of—

(i) the 156th week after the dislocation date of the worker; or

(ii) the 156th week after the date of the worker's last total separation; or

(B) the 182d day after the concluding date of any training received by the worker, if the worker was referred to such training by the State.

(e) REIMBURSEMENT.—The State shall reimburse any adversely affected worker for necessary expenses incurred by such worker in participating in a job search program approved by the State.

TITLE III—GENERAL PROVISIONS

SEC. 301. FRAUD AND RECOVERY OF OVERPAYMENTS.

(a) LIABILITY FOR REPAYMENT.—

(1) IN GENERAL.—If a State, the Secretary, or a court of competent jurisdiction determines that any person has received any payment under this Act for which the person was not eligible, including a payment referred to in subsection (b), such person shall be liable to repay such amount to the State or the Secretary, as the case may be, except that the State or the Secretary may waive such repayment if

such State or the Secretary determines, in accordance with guidelines by the Secretary, that—

(A) the payment was made without fault on the part of such individual; and

(B) requiring such repayment would be contrary to equity and good conscience.

(2) RECOVERY.—Unless an overpayment is otherwise recovered, or waived under paragraph (1), the State or the Secretary shall recover the overpayment by deductions from any sums payable to such person under this Act, under any Federal unemployment compensation law administered by the State agency of the State or the Secretary, or under any other Federal law administered by the State or the Secretary which provides for the payment of assistance or an allowance with respect to unemployment, and, notwithstanding any other provision of State law or Federal law to the contrary, the Secretary may require the State to recover any overpayment under this Act by deduction from any unemployment insurance payable to such person under the State law, except that no single deduction under this paragraph shall exceed 50 percent of the amount otherwise payable.

(b) Fraud.—If a State, the Secretary, or a court of competent jurisdiction determines that an individual—

(1) knowingly has made, or caused another to make, a false statement or representation of a material fact, or

(2) knowingly has failed, or caused another to fail, to disclose a material fact,

and as a result of such false statement or representation, or of such nondisclosure, such individual has received any payment under this Act to which the individual was not entitled, such individual shall, in addition to any other penalty provided by law, be ineligible for any further payments under this Act.

(c) Notice and Hearing.—Except for overpayments determined by a court of competent jurisdiction, no repayment may be required, and no deduction may be made, under this section until a determination under subsection (a)(1) by the State or the Secretary, as the case may be, has been made, notice of the determination and an opportunity for a fair hearing thereon has been given to the individual concerned, and the determination has become final.

(d) Disposition of Recovered Amounts.—Any amount recovered under this section shall be returned to the general fund of the Treasury.

SEC. 302. PENALTIES.

Whoever makes a false statement of a material fact knowing it to be false, or knowingly fails to disclose a material fact, for the purpose of obtaining or increasing for himself or herself or for any other person any payment authorized to be furnished under this Act shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

SEC. 303. SUBPOENA POWER.

(a) IN GENERAL.—The Secretary may require by subpoena the attendance of witnesses and the production of evidence necessary for the Secretary to make a determination under the provisions of this Act.

(b) COMPLIANCE.—If a person refuses to obey a subpoena issued under subsection (a), a United States district court within the jurisdiction of which the relevant proceeding under this title is conducted may, upon petition by the Secretary, issue an order requiring compliance with such subpoena.

SEC. 304. REGULATIONS.

(a) IN GENERAL.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this Act.

(b) TRANSITION.—In prescribing regulations under subsection (a), the Secretary shall promulgate such rules and procedures as may be necessary to provide for an orderly transition to and implementation of this Act.

○

Ms. **Woolsey**. Mr. Starr, I need to tell you that I was born in Seattle. And people accuse me of getting my good common sense from having been a Washingtonian and not a Californian.

Mr. **Starr**. Yes, and I will be happy to go back and go outside to get cool rather than come inside to get cool.

Ms. **Woolsey**. That is for sure.

I introduced legislation yesterday to amend Title II of JTPA. It is called the Self-Sufficiency Standards Act. What it does is it fixes on the JTPA measure of success. At this point, one size fits all—$6 an hour is seen as success at the end of the program despite family size, geographic location, special needs, et cetera.

It makes no distinction between participants in terms of prior education, number of dependents, transportation expenses. Nor does it allow any regional differences in cost of living.

So what the Self-Sufficiency Standards Act would build into the program is factors like those I just mentioned in order to measure success so that participants could have a real shot at the economic self-sufficiency when they were through with the program.

I want to talk to you about it later because you have been working with these programs and see how it could work.

My second bill is not finished yet, but we are crafting it, and it is specifically related to targeted workers that have been displaced due to public policy decisions such as defense downsizing, stronger environmental protection laws and possible trade liberalization.

It creates a program that will truly respond to the increased number of workers displaced in the 1990s. In doing so, it draws from the best aspects of Title III of JTPA and the Trade Adjustment Assistance Act. It goes beyond their scope, however, and I believe it corrects funding and other problems associated with them.

It combines the elements of worker retraining, income support, relocation allowances, wage supplements and rapid response, case management, counseling services, and it forms what I believe to be a comprehensive package for addressing the unique problems of people in the labor force when their jobs are being transitioned, particularly being affected by Federal policy.

I hope what I am putting together answers a lot of what many of you have said, and I would like your feedback on what you think the impact will be. We have a little bit of time if anybody would like to respond right now.

Mr. Tetro.

Mr. **Tetro**. Just quickly—when I referred to performance modeling, it was precisely to reach the first point you made in terms of your legislative recommendation. I think, properly constructed, that could be a powerful addition to improving current practice and performance of the JTPA system. I think it is absolutely crucial.

So I am delighted to hear that that work is underway, and in any way we can be helpful in that we would be delighted to.

Ms. **Woolsey**. We will start a conversation with you. Thank you.

Mr. Hanoski.

Mr. **Hanoski**. If I may, I have three teenage daughters, and I know this is a dislocated worker hearing, but the issues are not that dissimilar from the school-to-outside-world transition. And I talk to my daughters about what they will do when they leave high school, and one of the things I say is, whatever your plans are, the job you are going into probably won't be there three to five years from now. And the issue is much the same for people who lose their jobs in the present workforce.

Mr. Starr mentioned case management as an important issue. I think that an education and retraining program needs to have case management capacities. People need to be assessed as to what strengths and weaknesses they may have. They need to understand that we are living in an extremely volatile labor market.

I read where in the next 10 years over half the labor force will be under temporary contract. One of the growingest temporary employment services in Wisconsin—and the Federal Government is the biggest user of those, in fact.

I think we need to train people that are looking for jobs today but help them transition into the jobs of tomorrow. So you are getting at some of those things.

Ms. **Woolsey**. There is another element. We have to know what the jobs for tomorrow are. And so there has to be some support and some funding to make that possible so we are not training people for jobs that won't exist by the time they are through with the training period.

Thank you.

Chairman **Williams**. Mr. Gunderson.

Mr. **Gunderson**. Thank you, Mr. Chairman.

First, let me welcome in particular my constituent and friend, Mr. Hanoski, and apologize to all of you for not being here.

But I think Admiral Watkins would appreciate where I have been for the last hour, the groundbreaking ceremony for the Vietnam Veterans Women's Memorial which was just held. And I am proud to say the lady that began that effort was from my district for years. She recently got married and moved to Minnesota, but I will not hold that against her, and she insisted that I be there.

Lucky enough for me, I stopped at the laundry and picked up a new set of shirts because the shirt I had on at the ceremony was a wet rag by the time I finished.

I appreciate you all being here. I have been briefed as to what most of you have been saying.

Because a couple of you focused on the defense area, I want to say that it seems to me there is a real disconnect between what I hear out in the country and what is going on in this building. The country wants us to develop a universal one-stop-shopping center for training and retraining purposes, and, very frankly, if I read them correctly, they want one formula that determines for the most part who is eligible from a displaced worker perspective and another formula on who is eligible from a disadvantaged perspective.

And yet, as you alluded to in your testimony, we are in the business of creating all these separate categorical—frankly, defense conversion, we are setting up the whole new separate fund for defense conversion, contracting with Department of Labor to do it. We all know we will do the same with NAFTA as a condition of passing NAFTA.

I am, frankly, confused as to how we determine who really should and should not receive benefits and who does and does not receive them on a fair and equitable basis when we have these separate categories.

Admiral, you may be able to enlighten me on this because I used the example that you talk about in your testimony. Many of the displaced workers, military, particularly on the civilian side, tend to be well-educated, highly trained people. I have to tell you I find a real conflict between spending a whole bunch of money on a Master's and Doctor's degree person who is dislocated from the defense establishment versus a person with more than one barrier to employment on the other side.

How do we reconcile all this? We have obviously not solved that problem up here. What suggestions do you all have?

Admiral WATKINS. Well, it is very difficult for me to say, having been in the positions I have been in, to say today how I would respond to that. But I believe that we have in being out there a tremendous number of fine initiatives on defense conversion locally as best they can.

The Acts passed by the Congress tend to move us in that direction. But what I see here is an opportunity for the Nation, for the President, the Executive Branch, the Legislative Branch, working with the States and with regional and local entities, to pull together, much as we did in the national education goal setup, for the governors to come together and say, let's build the plan so we can have some mechanism in being against which we can test legislative change.

I think to continue the piecemeal process we have been in gives you the feeling up here you solved this problem but, in fact, nothing really changes out there. It hasn't in education.

I believe we now have some hope that there may be some light at the end of the tunnel in that area because we all came together and said we have a serious problem. I think this is a serious problem. I don't think we are addressing it properly just through education alone. I think the retraining and reeducation of these individuals is critical, and that is a cultural chain we have to accept.

We cannot come up with a one-for-one job replacement, I don't believe, in the region with these highly skilled people. There are just not enough of them there that we found in the Rocky Flats initiative as I outlined.

Hanford was a happy situation in the sense we were growing in demands for environmental restoration and waste management skills when nothing was doing—no defense operations at all were in being. That was unique. So that was easy to handle.

The other one is not easy to handle. It requires an awful lot of thought and coordination.

So I believe the partnership issue is critical. I believe the national objectives have to be set. The Congress has to have oversight by Education, Labor and Armed Services. I don't think Labor can do it alone. Armed Services has to be part of it.

The transitional funding has to be identified. There has to be a variety of agencies in the government to do that. They have been very slow I think in Defense in helping the States to do this. Not that their hearts are not in the right place, but they have focused in other areas like how to live with the defense cuts. But they are not focused. They are a major player in this game—or potentially they are.

So equity and fairness will come out when we design a system, and we say here is the system. Here are the principles that that system will operate under. And fairness and equity has to be of primary consideration. And, certainly, how we separate the defense worker and another displaced worker next door at a facility that has nothing to do with defense, that has to be addressed fairly.

I am trying to focus now on defense-related downsizing and the opportunities in the defense establishment to give us both skills and to give us facilities that can help the private sector in doing the necessary reeducation and retraining to make a better match between skill demands and skills available.

Mr. **Gunderson**. Any other comments?

Mr. **Tetro**. Mr. Gunderson, one of the thoughts your comment provokes to me is I think you are correct in how you say people would want access to the system. I think it is important to try to make it as simple as we can along those bases—availability for disadvantaged people against a set of criteria, availability for displaced workers.

I think where we come into difficulty is when we go from the macro to the micro. I think the way to look at perhaps a vehicle that would work is to look at the displacement effects of things such as defense conversion, NAFTA, environmental policy and determine what region of the country they are going to affect and on a macroeconomic basis decide what kind of investment are we going to make as a Nation to help the transition of the economy around this issue.

Take defense conversion and take X as the investment we are going to make. We distribute X into regions of the country. In the case of defense conversion, we know that California and New England are the two regions most hard hit, and we say their economies will be most disturbed by this particular phenomenon, and we are going to invest in creating this transition capacity in those areas of the country.

The decision should be the level of investment made. That comes as you are talking about actions taking place, where Congress sits and says, we have a problem, and we need to move resources in to ameliorate this problem.

But once the resources are targeted to the region you should go back to the structure and say not that we discriminate on a firm basis, as we do now, and create a lottery among firms or create a lottery among workers and let chance determine who gets the services but rather say, let's make this work efficiently. And if the PhdD from the defense plant can make a quick conversion, that speedy ready conversion we all want to see take place, let that happen. If next door there is someone who is displaced because of the overall effect from a small firm totally unrelated to defense that needs to be retrained, let that retraining dollar go there.

But if we separate the idea of where resources are needed to aid in transition in an economy from entitlement by virtue of either occupation, reason for dislocation or place of employment, we are closer to being able to get a system that will be fair and efficient.

Then it really does become, as the Admiral is saying, a matter of establishing the criteria.

How will we make those decisions? We need to be clear about that. With a certain limitation on resources, here is the priority within which we will respond in the decisionmaking.

I think that would be a system well understood by the public, makes sense economically, and that would, in fact, truly aid in the kind of conversion we are talking about.

Mr. **GUNDERSON**. Thank you, Mr. Chairman.

Chairman **WILLIAMS**. Mr. Green.

Mr. **GREEN**. Thank you, Mr. Chairman. I appreciate the opportunity to be here and participate.

The part of Texas I am from will not necessarily be hit by defense conversion like California or the Northeast, but during the mid-1980s we went through what we call not dislocation but trying to diversify because we had a great many layoffs in the petrochemical industry in the Gulf Coast area. I don't think we did a good job of dealing with that on an individual basis, though I can talk about petrochemical engineers now teaching school because we altered certification and allowed them—instead of going back to get education hours, we used alternative education.

But the difference between a petrochemical engineer's salary and a public schoolteacher in Texas is about half. But at least they have that job.

We didn't do that good a job. I see what California is going through and the New England States is what we went through.

One of the problems I had—because I was in the legislature at that time—was in dealing with the 40- and 50-year-old worker—and I can see the same thing happening in California and other States—is how do you retrain?

My son who is 17 and daughter who is 18 or your sons and daughters recognize going into it after you advised them you may have to retrain four or five times. But for a 40-year-old or 50-year-old who always worked at a defense industry or, in my case, always worked for a petrochemical or oil tool supply company, and they have to retrain, and they are basically a blue collar worker, what can we do for the 40- and 50-year-olds? Because they won't go back—I don't have any examples of those going back—to becoming public schoolteachers, for example.

I can see the same happening with some of our blue collar workers in the defense industry. How can we address the 40- or 50-year-olds who have 10 or 15 years left in—hopefully 20—in their employment life?

[The prepared statement of Hon. Gene Green follows:]

STATEMENT OF HON. GENE GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. Chairman, being laid-off is difficult to deal with but long-term unemployment is demoralizing. With long-term unemployment or underemployment a person loses self confidence. The mental and financial devastation from not only being laid-off but knowing that you will never be called back is a crushing realization. Unfortunately, it is becoming all too prevalent in the job market in our Nation.

The reason we are meeting today is to try to help the workers of our Nation try to find alternatives in finding employment. The programs in-place to assist workers attempt to provide this help. But we must take a look at these programs and verify if workers are actually receiving the benefits needed.

Retraining is only a small part of the equation. We must help workers not only upgrade or learn new skills but we must assist that worker to market those skills. The most beneficial was of providing this type of assistance is to match workers and business in a partnership. Who knows better the skills needed in the job market other than employers. Also, employers are the best source to find employment needs in the job market.

In examining programs which assist workers who are permanently laid-off there is a need to assure workers and business that this examination is for the benefit of both.

Mr. **Starr**. I think you should ask easier questions is what I think.

Mr. **Green**. We went through tough times, and I know I can see it happening, and we can learn from how we didn't do it maybe because I know it will happen again. Because our economy is cyclical. We will surely go through it again.

Mr. **Starr**. You start to think about what you do with an aeronautical engineer. Boeing has a lot of them. How do you transfer to civil engineering and environmental engineering? What is the length of time in making the transition? I don't know the direct answer, but I am told it is a very, very difficult discipline.

Talking about engineering, you could get into comparable things in the growth industries like environmental engineering in terms of clean air and the rest. And Hanford is a major source of employment, which is interesting. It was a major source of unemployment four or five years ago.

I think, in terms of engineering and the highly skilled, a company like Boeing will not lay many of those off. Boeing will invest in the future. We have seen no engineers in the 5,000 or 6,000 laid off. They are mostly production workers. They will take production time from 18 to 12 to 6 months, and that demands a high-level, competent engineering staff to do that.

What are left I hope do not become—I wouldn't mind if they became schoolteachers if they can handle the wage differential because we need the math and science schoolteachers which they certainly have. We need to explore better—and I am not competent to do that—of transfers of skills from a first discipline to another in engineering activities. If that occurs, we can share experiences you had with the petrochemical engineering to help us. I think it is a real problem.

It is a serious problem with managers, bankers and so on in terms of getting them retrained and into a job at a satisfactory pay scale. White collar is far more difficult in making the transference than it is for people of blue collar types. We have had a ton of bankers laid off in the last two years in our State, and the best we could do was work with the displaced worker experts specializing in the banking industry. We have been moderately successful at that.

Mr. **Tetro**. Just a couple comments on that.

One of them is a matter now being addressed in coming to terms with assessing better and determining what are we working with and what are the possibilities?

Infrequently, I think we are looking for—or imagining dramatic changes. But lots of people in sales that have been dumped out of these organizations have a skill that is very applicable. And it may be a matter of learning a foreign language and being part of an export business that is forming. So you are not talking about totally retooling but at the margin doing something.

We may be involved in many white collar workers displaced now are really employable in the current economy today but for the fact that they don't have highly developed proficiency with computers, that they were the people that stayed immune from that in their own firms and delegated those responsibilities.

Those are relatively easy-to-develop capabilities that transform the opportunity structure for that dislocated worker. We found that you need to incubate that capability, that there is a great deal—a threshold of anxiety about moving into these areas, but you can move people through a process that gets them there and, for a relatively modest investment, change their opportunity structure.

That is harder when you look at people coming out of blue collar areas because of the distance that they are from schooling. And yet, again, there is evidence in a lot of union and joint action training programs across the country of doing that quite well.

I think the point at the bottom of all of this, to every question we might wonder about, there is somewhere in this country already a solution at work, and what we have done very poorly is to develop an understanding of where those solutions lie. We have not gone out and benchmarked best and last practice in this field. We have not gone so far as to say what are the standards of this industry called job training and labor market transition, as I referred to earlier.

When we start to get to the fundamentals we get more clearly and easily to the answers to that, but I don't think there are many questions that we would contemplate here that there is not already underway with evidence of some efficacy, at least the beginning of an answer, if not a total answer. We just need to get much better at exchanging that kind of information and bringing it to the surface.

Mr. GREEN. Mr. Bischak.

Mr. BISCHAK. Yes, the idea that it is just managers and white collar workers is a problem because the blue collar workers are the ones really facing contraction of the commercial sectors whether it is in aerospace, in electronics and otherwise. And these are the areas where you find this profile of worker you are talking about, in many cases 45 to 50 years old, having a very difficult reemployment problem. And it is at a time when there is excess capacity, not just in defense but in the commercial area. So it is not that you will be able to shift them readily into growing commercial markets.

We face a crisis, and it is a profound crisis in both blue and white collar sectors of employment in this area. We need to look at some of the innovative ideas—in fact, Mr. Tetro is right about the need to look at some sort of focusing of public investment—and along with the retraining dollars and private investment moneys to leverage one with the other in emerging technologies that will, in fact, create the jobs, both near term and long term.

And I think the employment and training panel in California is looking at this in relationship with its Project California. It is a model worth exploring, looking at the possibilities in dealing with subcontractor change and try to retain its viability and the employment of some of these people by looking at what is happening in commercial electronics, and biotechnology and what job bridges can be created to those fields.

This will take planning. This is something we have not done.

I think, in addition, there will have to be more targeting of investment. California is looking at a $200 billion commitment at retention of their manufacturing base, with an objective over time of linking up these jobs with these emerging opportunities. It is a different approach but one I think worth looking at.

Mr. **Green**. You might answer—depending on the Chairman since the red light is on.

Chairman **Williams**. Mr. Hanoski, yes, go right ahead.

Mr. **Hanoski**. Just a brief comment, Mr. Chairman.

There is no simple answer to that question. In fact, that question crossed my mind personally with the discussion of the question of the future of JTPA. But whenever there is a displacement of white collar workers in the community the yellow pages in the phone book seems to increase in the same time.

There needs to be some innovation, I think, in through the in-depth assessment of middle-aged workers who lose their jobs to help them capitalize on their investments. We run a self-employment program with EDWAA funds to get these people to become entrepreneurs in their areas. That is reasonably successful. Things like that we have to look at. I think they have been reasonably successful.

Mr. **Green**. Thank you, Mr. Chairman.

Chairman **Williams**. Admiral, I know you will have to leave in a few minutes so let me ask a question of you and, again, thank you in advance for being with us and staying up until you are almost late for your next appointment.

You suggested in your written testimony, and to some degree in your stated testimony, the establishment of a regional skill-need, skill-available information system. How would you see that model being developed and implemented?

Admiral **Watkins**. I think, to take a leaf out of the book on what Mr. Tetro said, take the San Francisco Bay area. There are three or four major bases closing down, probably 45,000 workers will be lost. I would move in there expeditiously with the Governor, with business and industry and the local area, and there are mechanisms to do this, if I knew that we had some kind of a support structure from the Defense Department and Labor Department that sets some overall framework under which we could operate and begin to move expeditiously in establishing that base. And that base needs to be wide open and accessible to everyone. It seems to me perhaps that is, in some way, established now, but I don't believe it is that clean.

Certainly, our experience in Colorado was that, while we could do a good job and the Air Force working on some problem could do a good job in an area, there was no integration. Also, there is no integration with the State. We had no way to know how many skilled environmental technology technicians do you need. It was not that clear.

We knew it was a growth industry. We knew it was going up, but it was not that well-organized.

I would move in with the Governor and with his people and try to put in an information system that would pull this together. We certainly need the players—the national players in that act. That system does not exist today that I know. It is very local, and it is not regional. We have to talk regions because some of these areas—obviously, the defense industry crosses over boundaries.

The NAFTA case came up. Environmental technology monitoring will be a key to implementing NAFTA. That will require a lot of workers. They can come out of Texas.

We are talking about, with the school districts, to help the schools become engaged in that work in their schoolwork during the summer programs to go out and take data, to become interested in becoming environmental technology experts over time. The same could be done with the cross-training of existing skilled workers.

So I think that that whole system has to be laid out, and I believe that we are on the threshold of being able to do that in the heavily impacted areas such as California and Connecticut. If those governors have the desire to get onto that expeditiously they want to know, what are you talking about? Will I get supported? Do I have to have matching funds from business and industries who are the beneficiaries of this? What programs do you want us to establish?

Some of those guidelines could be set up on an urgent basis, but I would go into the heavily impacted areas and try something, even a major pilot effort to move expeditiously to get that data and see if we can't separate the wheat from the chaff and retrain and reeducate and encourage them to take jobs elsewhere out of the region that are available. And we can provide that interactive network to permit that to happen.

Mr. **Williams**. Admiral, thank you, and thanks for being with us. I know you have to leave.

Admiral **Watkins**. Thank you, Mr. Chairman.

Chairman **Williams**. Mr. Starr, on page 2 of your testimony you mentioned your lack of support for a voucher system as a response to the needs of dislocated workers, particularly in times of recession. Would you elaborate a little for us on your opposition on the voucher question?

Mr. **Starr**. I think, Mr. Chairman, I mentioned a little of that in my statement.

When a person is laid off after working 10 to 14 years that individual knows virtually nothing about the job market, labor market, what he needs to do, what he has to prepare himself or herself for the future for. Simply having that individual go to a public office and be handed a voucher and you are off to go to any school you want doesn't do much to help that person sort out what they ought to do in terms of what the labor market is, what their skills and ability and background is and all the rest, what course of instruction they ought to take, and so on. That is not enough.

I firmly believe that you have to spend time with professional counselors, case managers to help the dislocated worker. But sort out with them, as a matter of fact, what is the best career path and instructional path for the person to take. It may be cost-effective, and it involves certainly less staff to do this, but I think it is a real false economy.

My point is we see that happen all the time. We see it happen with companies who are well-intentioned, and they are giving severance packages that include, essentially, a voucher of $2,000 or $3,000 per employee, and they are not well-used because there is no care and attention to help guide them through that process.

Chairman Williams. Mr. Hanoski, you cited the need for an expedited process to apply for discretionary funds. Would you explain that further? Would you involve Department of Labor regional offices or how would you do that?

Mr. Hanoski. There are a couple of compounding problems when there is a dislocation in the community. It is the local substate operate or they are using local resources. From the time of that dislocation until they access the availability of Federal resources can be a matter of two or three months. Somehow, there needs to be a much more expedited process, similar to the processes with disaster funds with the hurricanes and flood relief.

Wisconsin got flood relief in the Title III reserve account in a matter of days. Why can't we have a similar response when there are dislocations in the community? The longer people are on the street and discouraged and not having a response I think the tougher the transition is going to be.

So my suggestion is a similar response to the natural, disaster-type issues.

Chairman Williams. Thank you.

Mrs. Roukema.

Mrs. Roukema. I have no further questions. I just want to make the observation that it is my opinion that we obviously need more concentrated efforts in linking the retraining programs with the industrial and regional economic development forces. I think we all recognize that.

Chairman Williams. Ms. Woolsey?

Ms. Woolsey. No, I am fine, Mr. Chairman. Thank you.

Chairman Williams. I have a couple more questions.

Mr. Tetro, in any revision made of the dislocated workers' program, should administration of the program be separated from the traditional Title II programs?

Mr. Tetro. Certainly not in the near term, I don't think. As we come to decide what that future system looks like, there may be reasons to look at how they are currently organized. But, given the nature of the services required and the nature of the administrative support required, there really isn't any reason in the short term to go in and change those arrangements.

Chairman Williams. What do you think we can do to improve the rapid response?

Mr. Tetro. I think there are a number of things. It really comes to the matter of how we conceive of this. And we looked at worker dislocation as a series of disasters, and they are disasters we have not quite anticipated. We have a framework, but we don't expect them.

What happens is that an event occurs and then a very elongated process takes place to receive resources so that a firm has notice something will be happening. An application is prepared. It winds its way through a very complicated maze of reviews, and some months later resources become available.

That simply is not a good mechanism. Whether one decides to use regional offices of the Department of Labor to distribute the management responsibility, whether one creates a set of criteria that moves resources more quickly, those are steps you ought to look at.

The last piece of it is that, with resources, the existing capabilities seem to be able to move rapidly. And the only last issue I would suggest is that, while on the surface it makes sense and is certainly—there is a logic to having a State-level rapid response, I think Al Starr illuminated something from across the country that is true. The real substance comes from the local capability.

We might look at ensuring that there is that rapid response capability locally engineered to the fullest and operating as we would wish it to be, as opposed to imagining that we have these fire trucks heading out from State capitals across the country. As a practical matter, what the fire trucks become are simply hospitality meetings. It is an event where the public certainly understands something more is taking place and appreciates that, but it really is a handing of the baton in a formal and probably inefficient way, introducing local people to local people to solve a problem. That is probably not the most efficient construct.

Chairman **Williams**. I had a successful amendment to section 453 in the last Congress on capacity building. I think that would go a long way to help disseminate best practices. We are having a tough time getting Department of Labor to properly fund that. They have, understandably, a limited budget and enormous need, but it does seem to me they ought to do a better job on that.

Finally, let me make a point that Mr. Hanoski just touched on gently and out of courtesy. Although small dislocations in relatively rural areas such as where he comes from and I represent may not make the kind of news that Boeing does with 15,000 people, nonetheless, I think each of you has, in one way or another, mentioned that it isn't 15,000 people you deal with, it is one person. And, the one person in the rural areas is as important has the one person in the urban area.

And yet I tell you that, even as Chairman of this subcommittee, I have a lot of trouble—less lately but, nonetheless, still problems—in trying to get Department of Labor to focus on individuals throughout the country.

That raises the matter of defense conversion. For most of my lifetime defense has consumed an enormous amount of America's' gross national product. It has also added many jobs and much wealth to this country. But, nonetheless, it has absorbed a huge amount of the national wealth in defense preparation.

Now that we are into one of the cyclical downsizings—I think a necessary downsizing—it is about to assume a tremendous percentage of the Nation's job training, retraining, dislocated worker money. Many of us from areas who have no particular benefit from the defense buildup and don't get a lot of attention when our little mines or mills or smelters close down are not going to be happy campers when enormous amounts of money are going into the places who had a hot time on the old town during the 1960s, 1970s and 1980s, while we suffered during those times and continue to suffer, and we now can't get the displacement and dislocation worker training and retraining money.

I want to see that righted not so much because I happen to represent an area like that but because each of you have said it is the single, lone person that counts. We have to pay attention to that single person, whether they are dislocated from a timber mill in Libby, Montana, or whether they are dislocated in the Bay area of San Francisco. They have equal importance, and the Nation ought to put its attention on them to that degree.

This has been a very good panel, I think.

Mrs. **ROUKEMA**. Yes, it has.

Chairman **WILLIAMS**. As good on this subject as I believe we have had in my time in the Congress. We are very appreciative to each of you for your good counsel and for taking the time to be with us today.

The hearing is adjourned.

[Whereupon, at 11:50 a.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows.]

STATEMENT OF HON. DONALD M. PAYNE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. Chairman, thank you for calling the hearing this morning to discuss the situation of dislocated workers in our country.

This hearing could not be at a more appropriate time, given the current number of unemployed people, as well as the devastating effects of the recession.

A rapidly growing world trade and advances in technology have resulted in enormous changes in the U.S. economy. With these efforts, the need for higher skill, higher wage jobs for workers is imminent. If we are going to take full advantage of these changes, Americans must upgrade their job skills and work-related knowledge.

The result of our evolving economy has deemed it necessary to find solutions for workers who are being replaced, losing jobs, or forced to change careers.

I hope that today, we will explore the effectiveness of various reemployment services for permanently laid-off workers. For example, in my home State of New Jersey, the New Jersey Reemployment Demonstration and other Unemployment Insurance Reemployment projects showed that certain profiling techniques were successful in identifying those workers most in need of job services and training.

These are the kind of issues we should focus on across the country to determine what are the best sources and services needed for workers so that we can assist them in returning to suitable employment as soon as possible.

I would like to thank our panelists for being here today and I look forward to hearing all of their testimony.

STATEMENT OF THE OUTPLACEMENT INDUSTRY COALITION

The Outplacement Industry Coalition [OIC] appreciates the opportunity to offer its views on programs designed to help dislocated workers. The OIC is a coalition of outplacement industry associations, including the Association of Outplacement Consulting Firms, Outplacement International, the Lincolnshire Group and the International Association of Outplacement Professionals. It was formed in 1992.

The Outplacement Industry

The outplacement industry consists of approximately 300 private consulting firms that provide services to companies faced with reducing their workforces. The industry, which had its origins in the early 1960s, experienced substantial growth in the 1980s as companies increasingly reorganized, repositioned and relocated in response to technology changes, import competition, deregulation, and financial and other pressures. Most private outplacement firms have been providing services for more than 10 years and all of the major firms have 15 or more years experience.

Outplacement services generally consist of two components:

- *Consulting to employers contemplating workforce reductions*

  Outplacement firms help employers address issues with respect to workforce reductions. This may be a plant closing, an across-the-board reduction in force or counseling for individual employee terminations. Outplacement firms help employers ensure consistency and fairness in the application of severance policies and practices. They apprise employers of applicable Federal and State laws and the duties imposed on an employer.
- *Counseling for employees whose employment is terminated*

  Outplacement services help employees plan and execute job searches to obtain new employment at the earliest possible date. Services are purchased by employers and are provided to all levels of employees, from clerical to executive. The services are designed to fit the needs of the individual being outplaced.

The design of an outplacement program for employees whose employment is to be terminated is governed by the particular characteristics of the affected individuals. Factors that are taken into account include an individual's compensation and job history, the trade or business engaged in, the current demand for that specific trade or business in the current marketplace, as well as many subjective factors such as the individual's demeanor, age, willingness to relocate, et cetera.

Specific Services Provided By Outplacement Consulting Firms

Outplacement consulting firms provide certain core services such as the following:

- Assist the terminated individuals in overcoming the trauma associated with being terminated and in restoring their self-esteem.
- Lead the individuals through a carefully selected series of self-assessment exercises.

- **Review the career background of the individuals to identify work accomplishments, skills, and other attributes that would assist them in obtaining new employment.**
- **Provide counseling in developing career objectives and in becoming oriented to the current job market.**
- **Refer, where appropriate, to public and private training and retraining opportunities.**
- **Assist in the development of a self-marketing strategy.**
- **Coach the individuals in preparing a resume.**
- **Work with the individuals in targeting specific companies and/or industries that might have a demand for their specific talents.**
- **Provide guidance in researching advertisements and other published sources for available jobs. Many firms have invested heavily in libraries and data bases that identify potential openings.**
- Provide assistance in preparing applications and other appropriate search letters.
- Provide training in how to develop networks of contacts and in using such contacts to identify job opportunities.
- Instruct the individuals in interviewing and communication techniques.
- Assist in the preparation and implementation of an overall job search strategy.
- Advise on how to negotiate and/or properly evaluate the terms of a job offer.

Although each of the core services is common to all outplacement programs, the services are packaged differently to meet the specific needs of different recipients.

The following is an illustration of how the core services might be packaged, based on three categories of employees.

Outplacement Program Designed for Clerical or Hourly Employees

Individuals within this category, such as secretaries, bookkeepers, or forklift operators, generally possess relatively generic skills not limited to any specific industry. Consequently, these individuals are most likely to find new jobs from among hundreds of publicly-advertised available job openings.

These individuals conduct an almost exclusively local job search. The duration of a job search is typically short, averaging less than two or three months. The primary emphasis of outplacement services at this level is to get the individuals "up and running" in the job hunt as quickly as possible.

The core services provided for clerical or hourly employees are packaged predominantly as group workshops that typically last no more than three days. The group workshops are sometimes supplemented with limited one-on-one discussions, in person or over the telephone. Additional one-on-one counseling may be provided to individuals who are experiencing difficulty in the job search process. Extensive assistance in the preparation of a resume is commonplace. However, office support, other than in connection with the preparation of a resume, is typically not necessary for a successful job search at this level.

Outplacement Program Designed for Professional or Technical Employees

Individuals within this category are characteristically at the lower to mid-level of an employer's workforce, and sometimes have supervisory responsibilities.

Professional or technical employees would often build a job search based on a relatively narrow vocational or industry experience. The search entails developing, evaluating, and thoughtfully approaching job leads within a narrow specialty. The length of a search in this group is approximately four to five months, and an individual rarely needs to relocate.

The core services for individuals at this level are packaged as a mix of group workshops and one-on-one counseling. An outplacement program might commence with a three- or four-day workshop that would include advice and assistance in the preparation of a resume. In addition, the program would include a discussion of the methodology for targeting specific companies or industries that would likely have a demand for the individual's skills. The workshop would be followed by one-on-one counseling, both in preparing for the market and as periodic follow-ups once the individual has commenced the job search.

Alternatively, a program for this level could begin with one-on-one counseling. Subsequently, the individuals would meet in groups with others who share common characteristics to discuss specific aspects of the search process, as well as to receive follow-up counseling.

In either case, the individual would receive assistance in researching advertisements and other published job openings. The outplacement firm would help the individual learn how to work with search firms and to prepare resumes, references, or other written communications incident to the job search. Training in the networking process and in the planning and implementation of an overall self-marketing strategy are other key components of the program. Outplacement industry studies show that more than half of the individuals within this group ultimately find their next job through networking.

Administrative services typically provided include the preparation of resumes and related search letters. In addition, the use of a telephone and answering or message service is sometimes provided. Finally, the limited use of semi-private offices is common.

Outplacement Program Designed for Senior Management or Executives

Individuals within this category typically are in a leadership position within an organization. Most of them have worked in a wide variety of functions as they moved up to their current job. In general, the number of comparable job openings for a displaced individual is inversely related to the individual's compensation and responsibility, i.e., the higher an individual's compensation and degree of responsibility, the fewer comparable jobs are available. Because of this fact, the job search for individuals at this level is relatively protracted, complex, and difficult. A job search will last, on average, about six months, and in over half the cases the individual will need to relocate. It is also common for individuals to look broadly at opportunities in many different industries.

Outplacement firms typically provide individuals within this category assistance in identifying and assessing their special capabilities, experience, and other subjective qualities. In addition, the outplacement firm helps these individuals in creatively identifying job opportunities most appropriate to their particular talents.

The outplacement firm coaches these individuals in polishing their search techniques and communication abilities, both written and verbal, and assists them in melding such skills to create an effective self-marketing program. The individual receives help in evaluating potential employers and, in some instances, counseling on negotiating with prospective employers.

Because of the small number of job openings available to executives, the scope of their job search is necessarily national, and in some cases international. Consequently, administrative support is essential. Outplacement firms typically provide these individuals access to a semi-private or private office, secretarial support, and use of a telephone.

Importance of Outplacement Services

U.S. firms are operating in an increasingly competitive environment. Continuous innovation and new technology cause products and services to become obsolete, and new jobs are created as others disappear. Outplacement services assist dislocated workers in developing job-acquiring skills and minimize their period of unemployment by linking workers' skills and knowledge with opportunities.

As the U.S. economy becomes more integrated with the global economy, the potential for dislocations in the domestic labor market increases. The NAFTA and other agreements to reduce trade barriers are expected to accelerate this process. Cuts in defense spending will also lead to increased numbers of dislocated workers. Outplacement service complement government and employer training services in an effective strategy to help workers adjust to rapidly changing circumstances.

Outplacement services help restore unemployed workers who are receiving unemployment benefits to employment and taxpaying status. Outplacement services also help employers reduce the impact of dislocation on workers, their families and the community and help to maintain employee morale and productivity in their ongoing operations. Finally, outplacement services can help ensure employer compliance with applicable laws governing terminations.

Concerns about Federal Dislocated Worker Programs

The administration has called for a dramatic expansion of government-funded employment and training assistance to dislocated workers. In its fiscal year 1994 budget request, the administration asked for $1.9 billion to fund dislocated worker programs, a $1.3 billion increase over fiscal year 1993. The House-passed appropriations bill includes a $550 million increase for these programs. Existing legislation for funding dislocated worker assistance applies generally to workers who have been dislocated as a result of specific events such as defense industry downsizing, base closings, the impact of the Clean Air Act and the impact of foreign trade. The administration has announced its intention to broaden eligibility for services and reorganize the delivery of services. Proposed legislation is expected to be submitted to Congress this fall.

Federally funded worker adjustment programs provide outplacement services to employees without cost to their employers. Although Federal programs, such as the Economic Dislocation and Worker Adjustment and Assistance Act [EDWAA], provide training and other services not provided by outplacement firms, there is substantial overlap. Many employers, however, currently pay for outplacement services to help employees faced with major layoffs and plant closings find new jobs. Total 1992 outplacement industry revenues were approximately $600 million, and more than 300,000 workers were served. The growth and broadening of the Federal programs threatens to significantly reduce employers' incentives to buy services for their departing employees. Increasingly, outplacement firms are being bypassed by former corporate clients who, not surprisingly, prefer to use the taxpayers' dollar to provide outplacement services rather than their own.

There are two significant issues involved. First, it is not an effective use of government resources to replace private spending on outplacement services with Federal funds. Second, a viable, effective private outplacement industry is endangered when private spending is supplanted by Federal dollars. This problem is compounded by obstacles to private outplacement firms' participation in government funded programs.

Although private entities are technically eligible to receive contracts to provide services under EDWAA programs, in practice public displaced worker funds rarely find their way to private outplacement firms. The State and local bureaucracies that administer these funds often have established working relationships with community colleges and other publicly funded entities that offer training and outplacement services. Even when private outplacement firms have the opportunity to compete, the tax-exempt status of community colleges and other organizations often allows these organizations to underbid even the highly competitive private firms.

If Federal programs supplant private services, the private outplacement infrastructure will be undermined and firms that now serve corporations and their employees will go out of business. This will create a ripple effect as more and more companies and dislocated workers become dependent on publicly funded programs, increasing Federal spending and the burden on taxpayers.

Workers affected by plant closings and mass layoffs will be served better and more efficiently if the private and public sectors work together and do not duplicate efforts. In view of the predicted restructuring of the American economy during the 1990s, there are likely to be far more dislocated workers than even the most generously funded State and Federal programs will be able to serve. We believe government should seek to maximize the use of private outplacement services so that government funds are used most effectively, i.e., where the private sector cannot meet the need.

Set out below are several suggested steps to address these issues. These are aimed at promoting the use of private outplacement services whenever possible. We look forward to the opportunity to work with you to develop these and other approaches.

- Require that a greater proportion of Federal dislocated worker assistance be earmarked for retraining. Currently, EDWAA requires that 50 percent of funds be spent on retraining. Increasing this percentage would focus Federal funds on non-duplicative services
- Limit use of government funds for outplacement services to employees of companies unable to purchase services for workers with their own funds [e.g., for employees of bankrupt or insolvent companies], or to areas where no private sector outplacement industry exists. This approach would help assure that Federal funds supplement, but do not supplant private efforts.
- Another approach to maintaining the effort of companies that are not bankrupt or insolvent would be to limit government funding to a percentage of the total cost of outplacement services.
- Require that the private sector outplacement industry receive a timely notice of plant closings or mass layoffs ["WARN"].
- Require that a certain percentage of outplacement activities funded by dislocated worker assistance programs be managed by private sector firms.

FIELD HEARING ON DISLOCATED WORKERS

MONDAY, SEPTEMBER 20, 1993

House of Representatives,
Subcommittee on Labor-Management Relations,
Committee on Education and Labor,
San Francisco, CA.

The subcommittee met, pursuant to notice, at 9 a.m. at the Board of Supervisors' Committee Room 228, City Hall, Polk and McAllister Streets, San Francisco, California, Hon. Pat Williams, Chairman, presiding.

Members present: Representatives Williams, Hamburg and Miller of California.

Staff present: Jon Weintraub, staff director.

Chairman **Williams**. I call this hearing of the Subcommittee on Labor-Management Relations to order. This is one in a series of hearings on the subject of dislocated workers and economic conversion. I am here at the request of Congressman George Miller, who, of course, is a valued Member of the committee and, as you can see, is with us here today.

This hearing comes at an interesting time and in an interesting place. We all know of the difficulty that plant—or rather base closures—plant closures for that matter as well—had on the California economy. I read in one of the newspapers yesterday that the unemployment is deeper and more sustained than the folks here had thought it would be.

The hearing also comes at a time when the administration is preparing what will probably be rather substantial reforms with regard to job training and dislocated worker efforts.

Although the Nation's economy has improved during the past 10 or 11 months, we are obviously still in a period of slow growth and the prospects are particularly dismal for the unemployed. They face the following picture: ever decreasing real average hourly earnings for the new job they will get—if they get it—a significant lack of job growth coming out of this recession compared with all prior recessions; a structural unemployment problem in which only 14 percent of the unemployed expect to get their old job back. That compares to an average, by the way, in previous sessions, to 44 percent of the unemployed getting their old job back. Finally, 18 percent of the Nation's full-time workforce are earning wages below the poverty rate for a family of four.

So, whether you are a worker or an unemployed person looking for work, this recession is treating you far less kindly than any of the others have.

Our purpose today is oversight. Our subcommittee is interested in learning a number of things—let me just list them off quickly for you. First, the basic ingredients for a successful dislocated worker program; second, recommendations for legislative changes to JTPA, particularly Title III; third, the recommendations for changes in the Federal, State, and local rules in any new dislocated worker program design.

We are interested in knowing about the types of linkages necessary to Federal job creation efforts, for example environmental energy cleanup, highway construction, or those types of training.

We are interested in how we could better design our rapid response efforts. Of course, we are interested in the role of higher education, as well as organized labor, in meeting the needs of dislocated workers; the committee is interested in any examples that exist regarding the successful conversion of plants to producing new products and retaining existing workers; and we are interested in how States and localities are linking their training efforts to industrial and regional economic development and emerging technologies.

Finally I want to say that, as Chairman, I am personally skeptical about the success of our Nation's training efforts. And, as we move to reform or change the training efforts, I come at it as one who does not believe that our retraining efforts worked nearly as well as they should during these past 15 to 20 years.

Let me tell you also, as I know George can, that very few members of the House we talked with will want to spend a lot of time reshaping our retraining efforts unless those efforts are linked to job creation. Training people for jobs that don't exist is, in my judgment, not only a waste of taxpayers' money but worse, a waste of that person's expectations; and it happens all across this country all the time.

It isn't easy to change that. But I don't know any Member of Congress that wants to take on retraining and education reform unless we link it to job creation.

[The prepared statement of Hon. Pat Williams follows:]

STATEMENT OF HON. PAT WILLIAMS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

I am pleased today to conduct our third hearing on the subject of dislocated workers and economic conversion. Before we look at proposals from the administration to reform these efforts, we must review what our investments to date have yielded.

In these hearings, the subcommittee learned that, "68 percent of Title III program terminees entered a job when they left the program and when we followed up 13 weeks later, 70 percent had jobs," We also learned that, "The average hourly wage rate for these employed workers started at $8.49/hour and 13 weeks later that wage had risen to $8.75/hour." This was a decrease from the average hourly wage of the jobs from which they were dislocated which paid $9.34/hour. That is an initial loss of 85 cents/hour at a Federal investment of $2,500 per slot. We do know that there is a significant wage loss associated with a loss of employment. Does this investment effectively limit this loss?

These program outcomes have occurred in the context of the dismal economic picture that the unemployed face as they approach choices open to them for retraining. This picture is one of: [1] ever decreasing real average hourly earnings; [2] a significant lack of job growth coming out of this recession when compared to prior recessions; [3] a structural unemployment problem in which only 14 percent of the unemployed expect to get their old job back during this recession compared with an average during the past four recessions of 44 percent; and, [4] 18 percent of the full-time workforce are earning wages below the poverty rate for a family of four.

Our purpose today is oversight. This subcommittee is interested in learning more about: [1] the basic ingredients for successful dislocated worker programs; [2] recommendations for legislative changes to JTPA Title III; [3] recommendations for changes in the Federal, State, and local roles in any new dislocated worker program design; [4] the types of linkages necessary to Federal job creation efforts (e.g., highways, environmental and energy clean-up, et cetera) for individuals after they receive training; [5] the design of effective rapid response efforts; [6] the role of higher education and organized labor in meeting the needs of dislocated workers; [7] the examples that exist regarding the successful conversion of plants to producing new products and retraining existing workers; [8] the key/common elements to those successes; and [9] how States and localities are linking their retraining efforts to industrial and regional economic development and emerging technology.

Let me again remind my colleagues that I am skeptical about the success of our Nation's training efforts. Let me suggest that few members of the House that I have talked with will not want to spend a lot of time reshaping our retraining efforts without those efforts being linked to new job creation through our Federal investments and an upswing in our Nation's economy.

I look forward to learning more about this subject and the problems California face from our witnesses today.

Chairman WILLIAMS. So I look forward to hearing from our witnesses and want to welcome George Miller since it's his area and he's a valued Member of the committee and an old friend and he's one of the congressional leaders.

And, George, I am delighted to be with you here today.

STATEMENT OF HON. GEORGE MILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. MILLER. Thank you, Mr. Chairman.

Thank you very much. I want to thank you for making the subcommittee available to take testimony in the San Francisco Bay Area. As you have already noted, this area has recently been hit with a very serious round of base closures; it will experience the largest civilian job loss of all of the base closures in the country. We feel we are receiving tremendous attention from the administration, from the Navy, and from others in helping our communities to come through this, including the organizational effort of Congressman Dellums, Nancy Pelosi, myself, and Congressman Hamburg of the affected areas. We think that this is going to be—if it is possible to talk about base closure success in terms of impacts to the workers—the most successful of any of the closures that have gone before us because of the kind of coordination that we are receiving.

Three of our panelists here today will be going to Mare Island in Vallejo later this afternoon to participate in a roundtable discussion on job training, job placement, and worker impact. They will also discuss what the community should expect and what it can do to try to assimilate those workers into our local economy here in the Bay Area.

I want to thank you publicly for agreeing to that. Mr. Nagle and Dr. Dickinson, who will be taking over, will become part of that, as will others in the community.

I had the privilege of riding out with the President the other day when he came to visit NOVA. During the trip across country, the Secretary of Labor came up and talked to Congresswoman Pelosi, Anna Eshoo, Sam Farr, and myself reminding us that this week we may be taking on an extension of extended unemployment benefits. This raises a flag that something is terribly wrong in our country's programs to get people who lose their jobs back into productive economy.

While we were brainstorming with this—and obviously legislation is being prepared—we discussed how we think this whole national effort has grown up around a series of episodic crises.

The reshaping of the steel industry brought us one form of job training efforts, JTPA has brought us another. We went through the automobile crisis, and we started trade assistance. We've really put together an unusual array of programs of very mixed benefits and usefulness to workers. I think what the Secretary was trying to elicit from us and what we were trying to elicit from him is that we've really got to rethink this from top to bottom. We've really got to make an effort to put together a coordinated effort to get to these workers early on and provide them with the kind of services that they need to get back into our economy.

That's a very difficult charge because you are dealing with individual human beings and all their individual circumstances at that particular moment of crisis in their lives. I think that we will hear this morning some examples of how that can be done. If we can get there early and with the right advice and the right services, we can dramatically increase our chances of getting people back into productive society. The figures that you cited, Mr. Chairman, tell us that we still are working off some models that just aren't current to today's unemployment and to the unemployed workforce.

So let me also thank the panel and you, Mr. Chairman. I look forward to your testimony and appreciate you all taking the time to share your thoughts and concerns with the committee.

Chairman **Williams**. Thank you.

Let's take our panelists in the order in which they appear on our agenda. First is Dr. Robert Corrigan, President of San Francisco State University.

Doctor, nice to see you again and we are pleased that you are here.

STATEMENT OF DR. ROBERT A. CORRIGAN, PRESIDENT, SAN FRANCISCO STATE UNIVERSITY

Dr. **Corrigan**. Thank you, Mr. Chairman. It is nice being here with you and Congressman Miller.

I am particularly pleased this morning that I have the opportunity to speak to you, not only as president of San Francisco State University, but also representing the whole California State University system, our 20 campuses.

I will focus my comments, in particular, on dislocated defense workers since that is a population seriously at risk here in the San Francisco Bay Area, as both you, Mr. Chairman, and Congressman Miller have emphasized in your comments.

We know that approximately one-quarter of the jobs lost in California during the current recession have been lost as a result of reduced military spending. This shrinkage of the defense industry has affected California's economy more deeply than any other region of the country, as you well know, and has seriously limited the State's recovery. And as the State's recovery has been limited, it of course has been a drag on the national economy as well.

The expansion of employment opportunities for this dislocated population of workers, we believe, will require a creative and comprehensive approach to retraining and education as well as economic development assistance. According to the Center for the Continuing Study of the California Economy, new training programs should include retraining, job search assistance, and temporary income support tailored to the needs of the individual. The Office of Technology Assessment urges that industry and employers work together with labor and educators in providing job retraining and that projects offer a wide range of services to meet different individual needs and regional and economic circumstances.

Now exactly those components characterize the project that I will describe briefly.

In response to the devastating impact of defense conversion on the Bay Area, San Francisco State University began more than a year ago to develop an innovative regional job training program. Entitled Career/Pro—the name stands for The California Economic Recovery and Environmental Restoration Project—it will initially provide training for dislocated workers in the highly marketable fields of environmental cleanup and restoration, pollution prevention, and hazardous waste management.

We see Career/Pro as a model that is broadly adaptable to other regions of the country with displaced worker populations.

The goal of Career/Pro is simple: design and implement a seamless job training and placement process that takes trainees from recruitment through assessment, training and counseling to internships, job placement, and continuing education.

The strength and uniqueness of Career/Pro lie, I think, in an unprecedented coming together of a diverse group of partners: several campuses of the California State University system, the University of California extension, the local community colleges, industry, organized labor, the military, and a number of community-based organizations.

These partnerships serve several important functions. One, they allow us to draw together many of the existing but fragmented educational programs in environmental technology; two, they sustain an innovative articulation between vocational training and professional education; and three, industry, labor, and community organization partners provide the critical linkage between job training and actual career opportunities.

Now one of the many things, Mr. Chairman, that we have learned from developing Career/Pro is how uniquely positioned are universities, particularly community-focused urban universities like San Francisco State, and how we can help to convene what might be called the boundary-crossing partnerships that are so vital to the success of such a complex program.

We have, I believe, the strongest combination of existing connections, community goodwill, educational entrepreneurship, and training expertise that may be found.

Now recognition of the extraordinary usefulness of Career/Pro as a national model for the solution of a vexing national problem has come, as you well know, from your congressional colleague, Representative Nancy Pelosi. And I would like to take this opportunity, although she can't be here today, to thank Congresswoman Pelosi for her leadership and for working closely with us on this project for introducing H.R. 1323, the National Economic Conversion and Environmental Restoration Act of 1993.

As members of the committee know, this legislation which has been referred to the subcommittee, provides for Department of Labor demonstration grants directly to ICES to support education and training in environmental restoration to dislocated defense workers and young adults. H.R. 1323 capitalizes on the ability of institutions of higher education to play a leading role in job training and marshaling of community resources on behalf of dislocated workers.

And Congressman Miller, I hope that you will be pleased to hear that your alma mater, San Francisco State, has been actively involved in putting together a component of this training program for the 5,600 civilian employees in your district at Mare Island Naval Shipyard. And, when Congressman Hamburg comes, I understand that a number of the workers are hoping to serve his district as well.

But, as San Francisco State University has become more and more deeply involved with Career/Pro, we have recognized that some components of the current dislocated worker system simply do not work. As you consider today's testimony, we would like you to keep in mind the major problems that we have observed with the current system under the Job Training and Partnership Act very briefly, from our perspective, are as follows:

One, fragmented programs. There is a lack of one-source information about programs available for dislocated workers.

Two, programs that offer assistance only after layoff notices are received. We can and we must anticipate the need for occupational counseling and retraining; and both the dollar savings and the savings in human lives could be enormous.

Grant requirements that are unnecessarily burdensome or unproductively inflexible.

And fourth, are JTPA's lack of focus on retraining of the high-skilled, highly-paid workforce that is typical of defense installations and contractor sites.

And finally, training programs that are too costly for the dislocated workers themselves who have incomes and family obligations to maintain.

And, on the basis of the experience that we have had with Career/Pro, Mr. Chairman, I would like to offer the following recommendations to the subcommittee:

One, establish regional employment transition centers throughout the State, since California is obviously too large for a single, all-State center, centers that are aimed at long-term job training and relocation assistance that do have the resources to coordinate existing education and training programs on an individualized basis, much like the current rehabilitation system for individuals with disabilities.

Two, set up onsite transition assistance for both military and civilian personnel, at every military base that is scheduled for closure, immediately after the closure announcement.

Three, allow IHEs to compete for all dislocated worker moneys and to provide a wide range of job training service activities, including onsite rapid response, readjustment services, basic sills training, and education at all levels.

Four, streamline existing cumbersome grant requirements and, please, reduce paperwork.

Five, clarify and encourage the linking of Federal programs in the areas of job training and education such as adult education, Pell grants, and student loans with JTPA moneys, and specifically with income support.

Six, encourage long-term training programs responsive to high-skill level training.

Seven, through the Department of Labor, provide counseling, readjustment, and on-the-job retraining programs for workers currently at risk of layoff before they are of actually notified of the layoff itself.

Eight, through the Department of Labor, encourage the formation of consortia and partnerships between IHEs and other service delivery agencies or organizations to create a comprehensive approach to services.

Reference has been made to President Clinton's trip to the Bay Area last July. He did, while he was here, announce a major program to speed the recovery of communities in which military bases are slated to close. He promised rapid redevelopment and creation of new jobs as the top goals of the new initiative.

Most of the job retraining money that will be available to these communities will come through the Department of Labor. We believe it is critical that the Department of Labor implement new programs and initiatives with these recommendations in mind. The times do not allow us to continue business as usual with slightly richer funding as the only change; we believe there is a need for fundamentally new approaches.

Mr. Chairman, it is critical that all public agencies and organizations come together to assist these workers and their families. The Department of Labor must be willing to work with the Department of Defense in getting the systems out quickly to communities being hit hard by dislocations.

And I appreciate very much, as do my colleagues, your leadership and the commitment of the members of the subcommittee today to revise current practices of the Department of Labor in order to assist all of us involved in retraining and returning to the workforce, all of those good people, our neighbors, who through no fault of their own have been deprived of the ability to return to being productive members of the workforce.

Again, thank you, Chairman Williams, for responding to our request for a hearing in this area.

[The prepared statement of Dr. Corrigan follows:]

Statement of Robert A. Corrigan, President, San Francisco State University

Chairman Williams and members of the subcommittee: I am pleased to have the opportunity to speak about dislocated worker programs on behalf of San Francisco State University (SFSU), one of the 20 California State University campuses comprising the largest four-year public comprehensive university in the country. I am focusing my comments particularly on dislocated defense workers since that is a population seriously at risk here in the San Francisco Bay Area.

As you well know, the end of the cold war may have brought the benefits of peace, but it has also imposed a debilitating dislocation of thousands of defense and aerospace workers. Approximately one-quarter of the jobs lost in California during the current recession have been lost as a result of reduced military spending. This shrinkage of the defense industry has affected California's economy more deeply than that of other regions of the country and has severely limited the State's recovery. Since 1988 California has lost 162,000 jobs because of defense cuts, and the Commission on State Finance projects an additional loss of 125,000 jobs by 1997.

The expansion of employment opportunities for this dislocated population of workers will require a creative, comprehensive approach to retraining and education as well as economic development assistance. According to the Center for the Continuing Study of the California Economy, new training programs should offer comprehensive worker adjustment assistance that comprises not only retraining, but job search assistance and temporary income support tailored to the needs of the individual. The Office of Technology Assessment urges that industry and employers work together with labor and educators in providing job retraining and that projects offer a wide range of services in recognition of different individual needs and regional and economic circumstances.

Exactly those components characterize the project I am about to describe. In response to the devastating impact of defense conversion on the Bay Area, San Francisco State began more than a year ago to develop an innovative regional job training program. Entitled Career/Pro—the name stands for The California Economic Recovery and Environmental Restoration Project—it will initially provide training for dislocated workers in the highly marketable fields of environmental cleanup and restoration, pollution prevention, and hazardous waste management. Career/Pro targets environmental technology because environmental employment at all levels is expected to grow considerably, even in this recessionary period. Federal and State regulatory requirements, backed by unprecedented environmental budgets at Federal agencies, assure this expansion for years to come.

I see Career/Pro as a model that is broadly adaptable to other regions, with other displaced worker populations. The goal of Career/Pro is to design and implement a seamless job training and placement process that takes trainees from recruitment through assessment, training and counseling to internships, job placement, and continuing education. It aims to overcome the pitfalls of existing training and transition programs by creating an individualized, comprehensive approach to retraining, cutting across current department, organizational and jurisdictional lines.

The strength and uniqueness of this program lie in its unprecedented partnerships. Career/Pro joins several California State University campuses, community colleges, the University of California extension system, industry, labor, the military, and community-based organizations. These partnerships serve several important functions. They allow Career/Pro to draw together many of the existing but fragmented educational programs in environmental technology. Career/Pro is working closely with community colleges throughout the region that are members of the Partnership for Environmental Technology Education, commonly known as PETE. SFSU has also already developed a transfer relationship with City College of San Francisco and has brought together five of the seven California State University campuses in Northern California.

Partnerships also sustain Career/Pro's innovative articulation between vocational training and professional education. Because Career/Pro involves so many educational partners, it is flexible, able to respond to a very broad range of worker needs and educational levels. From providing basic skills training or a hazardous materials certificate program at a community college, to a four-year degree in environmental technology or conservation biology at a California State University, and on to an advanced degree in an environmental science at a University of California campus, Career/Pro adapts to the individual's abilities and aspirations.

Career/Pro's industry, labor and community organization partners provide the critical linkage between job training and actual career opportunities, bringing together traditional training organizations and educational institutions with those who can provide internships, mentoring opportunities and, eventually, jobs for the retrained workers. Career/Pro has established an industry-led advisory panel of more than 35 executives from Bay Area environmental technology firms. This advisory panel works with educators to develop individualized training programs; organize a program of internships, apprenticeships and other on-the-job training opportunities; design practical labor market surveys, and solicit financial support from the private sector.

Career/Pro is capable of taking the range of employees a military base—or any other workplace—includes, and matching individual abilities and background with appropriate levels of training and education in a new and economically promising field. But Career/Pro includes more than the displaced worker alone; it is designed to provide counseling and other family services to help spouses and children come through a difficult time. We have seen what can happen without such help—increases in family violence and breakdown among dislocated worker populations, educationally at-risk children, greater demands on all elements of the social service system.

One of the many things we have learned from developing Career/Pro is how uniquely positioned universities—particularly community-focused urban universities—are in convening the boundary-crossing partnerships that are vital to the success of such a complex and necessarily cooperative program. We have the strongest combination of existing connections, community goodwill, educational entrepreneurism and training expertise. And among universities, The California State University system is an ideal venue for a program such as Career/Pro because of its commitment to workforce preparation, history of teaching excellence and effective partnership-building experience. The State's Master Plan for Higher Education recognizes this, noting that "Primary responsibility for workforce training, planned and implemented strategically, should lie with our colleges and universities working in tandem with employers and other public agencies."

The burgeoning environmental technology industry offers a human and economic opportunity for the Bay Area. Billions of dollars of Federal funds have been appropriated for environmental cleanup, primarily at decommissioned military bases and nuclear weapons plants. These funds will provide thousands of jobs for trained environmental professionals and technicians in the next decade. According to Palo Alto's Pacific Study Center, California alone houses more then 100 contaminated, active military bases containing over 1,600 distinct hot spots. This decade will also see high demand for employees in the fields of waste management and pollution prevention that will continue well into the next century. This prospect has been reinforced by President Clinton's announcement that military bases and other Federal facilities will be required to report their toxic releases. To meet this demand, EPA also will need to hire thousands of environmental compliance officers across the country. No wonder, then, that early in 1992 the Environmental Business Journal predicted the creation of 114,000 new environmental jobs in California by 1995.

Recognition of the usefulness of Career/Pro as a national model for solution of a national problem has come from Representative Nancy Pelosi. I would like to thank Representative Pelosi for her leadership in working with us on this project and for introducing H.R. 1323, the National Economic Conversion and Environmental Restoration Act of 1993. As you know, this legislation—which now has been referred to this subcommittee—provides for Department of Labor demonstration grants directly to IHEs to support education and training in environmental restoration to dislocated defense workers and young adults. H.R. 1323 capitalizes on the ability of institutions of higher education to play a leading role in job training and marshaling of community resources on behalf of dislocated workers.

Congressman Miller, you will be pleased to hear that your alma mater has been actively involved in putting together a component of this training program for the 5,600 civilian employees in your district at Mare Island Naval Shipyard. And Mr. Hamburg, I understand that a large number of these workers reside in your district as well. As part of the Mare Island project, San Francisco State, along with its sister campuses at Sonoma and Sacramento, has helped to convene a consortium of Northern California community college and University of California campuses to work with a group of labor and management representatives from the shipyard. I'm sure that J.T. Miller will elaborate further on this in his testimony. I mention it briefly here as an instance of the Career/Pro approach in action.

As this University has become more and more deeply involved with Career/Pro, we have recognized that some components of the current dislocated worker system do not work. It is clear that both California and the Nation need a comprehensive approach to job training and education programs for dislocated workers. It is also clear that the current system is far too fragmented and underfunded to respond to the large numbers of dislocated workers who will soon be on the streets in this region—and elsewhere. As you consider today's testimony, I would like you to keep in mind the major problems that we have observed with the current system under the Job Training Partnership Act (JTPA):

- Fragmented programs. There is a lack of one-source information about programs available for dislocated workers. The result: wasted dollars and opportunities, unnecessary strains on individuals and society.
- Programs that offer assistance only after layoff notices are received. We can—and must—anticipate the need for occupational counseling and retraining, thus enabling the worker to move relatively seamlessly from one settled work environment to another. The dollar and human savings would be enormous.

- Grant requirements that are unnecessarily burdensome or unproductively inflexible.
- JTPA's lack of focus on retraining of the high-skilled, highly-paid workforce that is typically located at defense installations and contractor sites.
- Training programs that are too costly for dislocated workers who have incomes and family obligations to maintain.

I would like to offer the following recommendations to the subcommittee:

1. Establish regional employment transition centers throughout the State (California is too large for a single all-State center) that are aimed at long-term job training and relocation assistance and have the resources to coordinate existing education and training programs on an individualized basis—much like the current rehabilitation system for individuals with disabilities.
2. Set up onsite transition assistance for both military and civilian personnel at every military base that is scheduled for closure, immediately after the closure announcement. Currently, transition centers are not adequately staffed even to approach meeting the needs of hundreds, even thousands of workers facing the inevitable loss of their jobs. The services available at the regional centers must be offered on the base, and offered immediately, before depression and fear set in to make transition more difficult.
3. Allow IHEs to compete for all dislocated worker moneys and to provide a wide range of job training service activities, including onsite rapid response, readjustment services including both career and family counseling, basic sills training, and education at all levels. This important step will enable JTPA to be more responsive to the high-skill levels of training needed by dislocated defense workers.
4. Streamline existing cumbersome grant requirements and reduce paperwork. I would like to see the DoL explore the possibility—on a demonstration basis—of allowing cooperative agreements instead of grants between itself and grantees. This would preserve control and direction of Federal funds yet also allow for flexibility and negotiation. San Francisco State currently is involved in two such cooperative agreements with the National Science Foundation and they are working quite well.
5. Clarify and encourage the linking of Federal programs in the areas of job training and education such as adult education, Pell grants, and student loans with JTPA moneys, and specifically with income support. Additional income support should be available for those participating in Federal job training programs. It may also be beneficial to provide day care and health benefits—short-term grants for long-term societal gain.
6. Encourage long-term training programs responsive to high-skill level training. Short-term training is not effective, as I'm sure you will hear from other witnesses today.
7. Provide career counseling, readjustment and on-the-job retraining programs for workers currently at risk of layoff, before they are officially notified, starting as soon as a base is placed on the closure list.
8. Encourage the formation of consortia and partnerships between IHEs and other service delivery agencies or organizations to create a comprehensive approach to providing services.

During a visit to the Bay Area last July, President Clinton announced a major new program to speed the economic recovery of communities in which military bases are slated to close. He promised rapid redevelopment and creation of new jobs as the top goals of the new initiative. Most of the job retraining money that will be available to these communities will come through the Department of Labor. It is critical that DoL implement new programs and initiatives with these recommendations in mind. The DoL also must be willing to work with the DoD in getting assistance out quickly to communities being hard hit by dislocation. The times do not allow us to continue business as usual, with slightly richer funding as the only change; we need fundamentally new approaches.

Mr. Chairman, it is critical that all public organizations come together to assist these workers and their families. I appreciate your leadership and the commitment of the members here today to revise current practices of the Department of Labor in order to assist all of us in retraining and returning to the workforce being affected by defense conversion. In so doing, we will be creating models that can work in other communities, for workers of other backgrounds, as our Nation adjusts to massive change in its work environment.

Again, thank you, Chairman Williams, for responding to our request for a hearing in this area, and I'd be happy to answer any questions.

Chairman WILLIAMS. Thank you very much.

Before we move to the next panelist, we note the presence of Congressman Hamburg.

Dan, nice to see you.

Pull the microphone over next to you. It's not like Congress where you have to shout, around here they have high-tech.

Mr. HAMBURG. Well, you're in northern California, the high-tech center of the world.

STATEMENT OF HON. DAN HAMBURG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. HAMBURG. Thank you very much, Mr. Chairman.

I really appreciate you holding this hearing and I really look forward to the testimony.

I am going to submit a statement for the record but I just want to say that I've been back in my congressional district for the last three or four days and we need to see if these issues strike some of the difference to local hospitals and health care providers where workers who are being laid off are really concerned about how their health care will be protected in the future, whether I'm going to colleges or universities where there are lots of concerns being raised today, talked to people who are involved in private industry councils in the last few days and, on the one hand, there is tremendous concern about the future as we transition this economy. We need to transition this economy but, as we all know, there is a tremendous challenge out there.

The other thing that I'm sensing a lot of is cooperative spirit; we've really seen that with respect to the closure of Mare Island. I am very glad to see workers and management, educational institutions, and people coming together to try to deal responsibly and creatively with these problems. So I think we can use this proverbial crisis as an opportunity to find new ways to work together, new ways to direct and manage our economies, and new ways to creatively to move forward with what we need to do in this country.

So thanks very much, Mr. Chairman; I really appreciate your being here.

Chairman WILLIAMS. Thank you.

Now, Mr. J. T. Miller who is with the Central Labor Council for Napa-Solano Counties; it is nice to see you here.

STATEMENT OF J.T. MILLER, NAPA-SOLANO COUNTIES CENTRAL LABOR COUNCIL AFL-CIO

Mr. J.T. MILLER. I thank you, Mr. Chairman, for the opportunity to testify before the House Subcommittee on Labor-Management Relations. I wish to particularly thank Congressman George Miller for his outstanding work in support of Mare Island Shipyard.

I also want to thank Congressman Dan Hamburg and, even though Mare Island is not in Vallejo, he is there with us. So we appreciate that.

I represent AFL-CIO workers in Napa and Solano Counties which are facing a grim future because of the closure of Mare Island Naval Shipyard. Vallejo and the neighboring communities will experience the biggest loss in the United States of civilian jobs caused by the closure of military bases. In Solano and Napa Counties alone, unemployment could well exceed 30 percent.

This is further complicated by the current recession which is affecting the San Francisco Bay Area.

In spite of this grim picture, the workers that I represent have joined the efforts of the Mare Island Futures Project and are committed, together with the civic leaders and the business community, to achieve a conversion that will become a national model to quickly replace the nearly 6,000 civilian jobs being lost by the closure of Mare Island.

President Clinton's Five Point Plan will enhance the conversion process of bases scheduled for closure. However, speaking as a labor representative in the Mare Island Futures Project, we believe that the following suggestions will further enhance and accelerate the economic recovery of the hardest hit community:

Transition Federal workers to civilian jobs.

To minimize the suffering on the communities and on the dislocated workers, we believe that programs should include the transition of Federal employees to private sector. Further, these transitions must have short-term and long-term objectives. The programs must also be flexible and able to adapt to the changes of the market place. Rigid programs with inflexible guidelines tend to place obstacles in the path of economic recovery.

Enact legislation that would transition Federal employees to private sector environment, transportation, and energy projects.

This legislation would allow shipyard workers to transition to private sector jobs by allowing them to work on private sector environmental, transportation, and energy projects. The employee would remain, on an interim basis, on the Federal payroll but the private sector employer would pay its customary or prevailing wages. This would then translate into savings to the national budget, since the labor costs to the Federal Government would be reduced significantly by wages paid by the private sector.

We would expect that, at the end of about five years, this employee would be off of the Federal payroll and would be a productive, tax-paying employee in a civilian job.

For example, we know that there are several proposals to build ferry boats for the San Francisco Bay Area. Why couldn't these boats be built at Mare Island under a private sector contractor using the skills of Mare Island workers and under the proposed transition guidelines?

Enact legislation that would transition Federal employees in the public works and public safety sector to the community.

The local communities will eventually have to deliver public works and public safety services currently being delivered by the shipyard. Clearly, the implementation of the Re-use Plan and the creation of the tax base will take some time. This could pose serious burdens to the local communities and result in the decaying of infrastructures and deterioration of public safety services.

This legislation would allow Federal workers in the public works and public safety sector to transition to the local communities. Again, we would expect the employee would remain, on a temporary basis, on the Federal payroll about for five years. The local community would, on a phased basis, contribute toward the wages of this employee.

This transition program would ensure the delivery of these critical services. It would also ensure that the training and the development of standards of services are, in fact, developed and implemented smoothly.

Provide the priority placement program throughout the Federal Government.

Currently, the Department of Defense offers a Priority Placement Program for its displaced workers. This program is limited to only employees within the Department of Defense. Our suggestion would be to allow qualified separated Department of Defense employees to fill vacancies created by departing employees from any other Federal agency.

Early retirement and Phase I incentives.

Currently the base commander must obtain approval on a case-by-case basis for each instance where early retirement and incentive for voluntary separations when the base workforce is required to be downsized. The base commander should be given the blanket authority to implement the early retirement plan and to provide incentives for those employees on the base who wish to take a voluntary separation.

Phase II incentives.

In instances where insufficient numbers of base employees elect to take the incentive for voluntary separation, allow the employees from other Federal activities to accept the incentive for the base being closed in order to create vacancies and allow a qualified base employee to fill that vacancy.

Provide adequate funding to the environmental cleanup program of military bases.

To ensure that the conversion of Mare Island Naval Shipyard is, in fact, a national model, it is imperative that adequate funding of the environmental cleanup be provided. We believe that the environmental cleanup program must have the highest priority. We have been informed that the Navy has placed high priority on the maintenance and operation of its fleet.

Regrettably, the environmental cleanup program for the bases scheduled for closure has low priority. We need your help now to direct that the Navy properly fund the request being made by the shipyard for the environmental cleanup. Without adequate funding, the goal of making structural changes to defense-oriented economies will not be achieved. It also signals that the goal of quickly replacing the jobs lost by the base closure does not have the highest possible priority.

Mr. Chairman, again I want to thank you for allowing me the opportunity to testify before your subcommittee on behalf of the thousands of potential displaced workers.

Thank you.

[The prepared statement of Mr. J. T. Miller follows:]

STATEMENT OF J. T. MILLER, NAPA-SOLANO COUNTIES CENTRAL LABOR COUNCIL, AFL-CIO

Thank you Mr. Chairman for the opportunity to testify before the House Subcommittee on Labor-Management Relations. I wish to particularly thank Congressman George Miller for his outstanding work in support of Mare Island Shipyard.

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President Clinton's Five Point Plan will enhance the conversion process of bases scheduled for closure. However, speaking as a labor representative in the Mare Island Futures Project, we believe that the following suggestions will further enhance and accelerate the economic recovery of the hardest hit community by the closure of military bases.

• TRANSITION FEDERAL WORKERS TO CIVILIAN JOBS.

To minimize the suffering on the communities and on the dislocated workers, we believe that programs should include the transition of Federal employees to private sector. Further, this transition must have short-term and long-term objectives. The programs must also be flexible and able to adapt to the changes of the marketplace. Rigid programs with inflexible guidelines tend to place obstacles in the path of economic recovery.

• ENACT LEGISLATION THAT WOULD TRANSITION FEDERAL EMPLOYEES TO PRIVATE SECTOR ENVIRONMENTAL, TRANSPORTATION AND ENERGY PROJECTS.

This legislation would allow shipyard workers to transition to private sector jobs by allowing them to work on private sector environmental, transportation, and energy projects. The employee would remain, on an interim basis, on the Federal payroll but the private sector employer would pay its customary or prevailing wages. This would then translate into savings to our national budget (since the labor costs to the Federal Government would be reduced significantly by wages paid by the private sector employer). We would expect that at the end of say five years, this employee would be off of the Federal payroll and would be a productive, taxpaying employee in a civilian job.

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This transition program would ensure the delivery of these critical services. It would also ensure that the training and the development of standards of services are, in fact, developed and implemented smoothly.

- **PROVIDE THE PRIORITY PLACEMENT PROGRAM THROUGHOUT THE FEDERAL GOVERNMENT.**

Currently, the Department of Defense offers a Priority Placement Program for its displaced workers. This program is limited to only employees within the Department of Defense. Our suggestion would be to allow qualified separated Department of Defense employees to fill vacancies created by departing employees from any other Federal agency.

- **EARLY RETIREMENT AND PHASE I INCENTIVES.**

Currently the base commander must obtain approval on a case-by-case basis for each instance where early retirement and incentivized voluntary separations when the base workforce is required to be downsized. The base commander should be given the blanket authority to implement the early retirement plan and to provide incentives for those employees on the base who wish to take a voluntary separation.

- **PHASE II INCENTIVES.**

In instances where insufficient numbers of base employees elect to take the incentived voluntary separation, allow employees from other Federal activities to accept the incentive for the base being closed in order to create vacancy and allow a qualified base employee to fill that vacancy.

- **PROVIDE ADEQUATE FUNDING TO THE ENVIRONMENTAL CLEANUP PROGRAM OF MILITARY BASES.**

To ensure that the conversion of Mare Island Naval Shipyard is, in fact, a national model, it is imperative that adequate funding for the environmental cleanup be provided. We believe that the environmental cleanup program must have the highest priority. We have been informed that the Navy has placed high priority on the maintenance and operation of its fleet. Regrettably the environmental cleanup program for the bases scheduled for closure have low priority. We need your help now to direct that the Navy properly fund the request being made by the shipyard for the environmental cleanup. Without adequate funding, the goal of making structural changes to defense-oriented economies will not be achieved. It also signals that the goal of replacing the jobs lost by the base closure does not have the highest possible priority.

Mr. Chairman, again I want to thank you for allowing me the opportunity to testify before your subcommittee.

Chairman **Williams**. Okay, Mr. Miller.

The next witness is Dr. Katherine Dickinson of the Social Policy Research Associates in Menlo Park.

Thank you for being here.

STATEMENT OF DR. KATHERINE DICKINSON, SOCIAL POLICY RESEARCH ASSOCIATES

Dr. **Dickinson**. I really appreciate the opportunity to provide to all of you an update on some of the research activities that we've conducted as part of the study that we are conducting for the U.S. Department of Labor to follow the implementation of EDWAA. The purpose of our project is to provide you with a feedback about how the complex provisions would be implemented and to identify areas where States or substate areas need assistance.

As part of our study, we conducted 70 in-depth site visits of substate areas in 24 different States throughout the Nation in a nationwide picture of the implementation of EDWAA.

As part of our site visits, we were really struck by the diversity both in the types of services that are being offered and also in the quality of those services. And one of the reasons for this diversity, as quite unplanned, and that is that a lot of States and substate areas are developing programs in substantial isolation without a lot of sharing of ideas about what works or experiences in what didn't work for dislocated workers.

To help break down some of this isolation and to promote sharing of ideas, our latest product from this study is A Guide to Well-Developed Services for Dislocated Workers which highlights some of the various effective practices that we saw in many of the site visits that we conducted.

The selected examples in this guide are based on the extent to which they were offering services that were responsive to the distinct needs of dislocated workers. And, I want to highlight to you the model on responsive services and then some of the evidence that we have on the impact of responsive services and the outcomes that are achieved for dislocated workers.

The first essential element in responsive services is early intervention and that includes rapid response to provide information about the wide range of services that are available. It also goes beyond that, bringing workers into services as soon as possible. And that early recruitment strategy includes onsite prelayoff services or it can include early recruitment into the ongoing programs.

This is one of the most difficult challenges that dislocated worker programs face; many times, dislocated workers are stunned and disoriented or not ready to take active steps or they may not know they need the services that are offered.

So our guide here highlights a number of strategies to do that.

The second essential element is assessment in career exploration. Because dislocated workers may have little information about current labor market opportunities or how to apply their existing skills to other contexts, this is really an essential element.

The model calls for a thorough assessment of basic skills, career interests, and aptitudes and of transferable skills, and then active assistance in helping dislocated workers explore alternative careers and set career goals that may be short-term and then longer-term career goals.

This is a critical step. Dislocated workers, if they have to take steps back on their career ladder and start a new occupation, they are going to take substantial reductions in pay. Helping them make this critical decision about what career they should seek, services without training, or whether they should seek new training is an important service.

The model also calls for comprehensive basic readjustment services. We particularly want to emphasize crisis adjustment services for dislocated workers experiencing, as I mentioned, essential emotional crisis of being laid off and also financial crisis, providing service thoroughly on how to cope with dislocation, both emotionally and taking early steps to preserve financial resources are very important.

The other services included in basic readjustment include job search training and also ongoing assistance in helping individuals doing job search to make sure that they are seeking out the most appropriate kinds of jobs available.

For retraining, the key to responsive services is a wide range of activities. Unfortunately, some substate areas really offer very limited options for retraining. They may have seven or eight different occupational areas in which they offer retraining and that clearly is not going to meet the diverse needs of dislocated workers who have substantial occupations, wage rates, and interests.

We are also calling for basic skills remediation in this model because dislocated workers at all levels may need some brush-up on their math and skills, particularly if they are going to need retraining.

And finally, our model calls for a plan for helping dislocated workers obtain the supportive services and income supports that they need. Because of the tremendous demand on EDWAA resources, few substate areas will provide much of that support directly. But responsive practices, include helping dislocated workers access other programs; early recruitment is another way to make sure that they can support themselves as long as possible, helping dislocated workers obtain part-time employment so that they can support themselves through retraining.

Our guide highlights that very simply. There are tremendous diversity in terms of strategies to meet the different criteria for good services. There is not just one way; and it can be done in a variety of different environments including urban and rural environment.

But, however these services are delivered, they really need to be in place. Our evidence shows, for example: prelayoff services results in higher follow-up wage rates for dislocated workers. More responsive basic readjustment services result in higher employment rate; more responsive classroom training results in higher wage rates. And, if you look at services over all, substate areas that have more responsive services have higher entered employment rate, suggesting more rapid reemployment and higher wage rate, suggesting better wage replacement. These are clearly the goals of the EDWAA program.

Based on these results, we strongly recommend extensive capacity-building effort on the part of the States and Federal Government to help dislocated workers develop these responsive services which will then, in turn, be better outcomes for dislocated workers.

[The prepared statement of Dr. Dickinson follows:]

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SOCIAL POLICY RESEARCH ASSOCIATES

September 1993

STUDY OF THE IMPLEMENTATION OF THE ECONOMIC DISLOCATION AND WORKER ADJUSTMENT ASSISTANCE ACT

Summary of Strategies to Provide Responsive Services

Testimony for:
Subcommittee on Labor-Management Relations
Committee on Education and Labor
U.S. House of Representatives

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INTRODUCTION

The Study of the Implementation of the Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) was designed to provide the Department of Labor (DOL) with information about how states and substate areas have implemented key features of the EDWAA legislation and to assist DOL in guiding the development of programs for dislocated workers. As part of this study, field researchers traveled to 70 substate areas and 10 special projects in 24 different states to observe the design, organization, and provision of services to dislocated workers.

The types and quality of services to dislocated workers varied greatly among the areas studied. Diversity of services is expected and, indeed, desired, if the differences arise because of differences in local needs. However, far less desirable reasons for this diversity are that (a) many substate areas lack an understanding about the needs of dislocated workers and information about effective program designs and (b) many states and substate areas appear to be developing program options in isolation, without much sharing of ideas or experiences about what works for dislocated workers.

To address the problems of lack of information about effective strategies to serve dislocated workers and to promote the sharing of ideas, the latest product of this study is *A Guide to Well-Developed Services for Dislocated Workers.*[1] This guide presents a framework for substate areas to use to assess the responsiveness of their services to the needs of dislocated workers and numerous examples of services developed by substate areas in a variety of environments to address those needs. It is our hope that this guide will help promote a wider dialogue about how to design, organize, and operate effective programs for dislocated workers.

The guide is based on our model of services that are responsive to the distinct needs of dislocated workers. To be responsive both to the diversity of experiences and to the common characteristics of dislocated workers, EDWAA services should include the following key elements:

An early intervention strategy. Early intervention services, which should be provided before layoff or as soon as possible after layoff, include:

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[1] *A Guide to Well-Developed Services for Dislocated Workers*, by K. Dickinson, D. Kogan, et al., Social Policy Research Associates, Menlo Park, CA, 1993.

- Worker orientation sessions, held soon after notice of layoff is received, that inform affected workers about EDWAA services, other community resources, and the local labor market.
- Comprehensive prelayoff services, particularly services that address the immediate crisis needs of affected workers.
- Recruitment of affected workers into ongoing EDWAA services as soon as possible.

Development of individual reemployment plans. Dislocated workers need assistance developing a plan for reemployment, including:

- Assessment of vocational aptitudes and interests, the transferability of existing vocational skills to other occupations, and potential barriers to reemployment.
- Assistance identifying immediate and longer-term career goals targeting stable jobs with wages as high as possible.
- A plan for services to help dislocated workers reach their goals.
- Assessing dislocated workers' progress in meeting their goals and updating service plans as necessary.
- A plan to address the need for income support and supportive services during participation in services.

Delivery of needed basic readjustment services. To be responsive to dislocated workers' needs, basic readjustment services should include:

- Crisis adjustment services (including stress management and financial management services) to help dislocated workers cope with being laid off.
- Job readiness services to help dislocated workers acquire the skills needed in today's workplace.
- Job search training and assistance in finding appropriate jobs, including assistance in finding jobs out of the local area, when necessary.

These services should be sensitive to the distinct needs of dislocated workers, particularly their work maturity and need for reemployment at relatively high wages. In addition, basic readjustment services should be available to those interested in immediate employment as well as to retraining participants.

Delivery of needed retraining services. Because of the tremendous diversity in dislocated workers' previous experience, a broad range of retraining options should be offered. These options should include:

- Training to assist workers with limited basic skills to gain the skills needed in today's labor market, provided either directly or through coordination with other programs.
- Training in occupational skills for new careers, as well as training that builds on existing skills, to prepare dislocated workers for available jobs with high wages.
- Training content and methods that are appropriate for adults with substantial work experience.
- When offered, on-the-job training in positions that match dislocated workers' aptitudes and interests and that provide training in skills needed for stable employment at wages as high as possible.

The guide features examples of practices used in 20 substate areas with particularly well-developed services for dislocated workers. For each service, it first identifies the challenges that substate areas face in responding to the needs of dislocated workers and then presents examples of strategies that substate areas have used to address these challenges. Whenever possible, multiple examples of each strategy are presented, often of substate areas operating in different environments.

Below we highlight some of the different strategies that substate areas used to provide services responsive to the needs of dislocated workers. This testimony concludes with a summary of the impact of services consistent with these strategies on the outcomes achieved for dislocated workers.

EARLY INTERVENTION SERVICES

Strategies to Learn about Layoffs in the Local Area

As many substate areas have found, relying on WARN notices alone is not sufficient to inform substate areas about all the layoffs or plant closings in their areas. The General Accounting Office (GAO) estimated that half of the layoffs affecting 50 or more workers were exempt from WARN requirements, primarily because these layoffs affected less than a third of the work force.[2] And employer compliance is often problematic—only half of the employers with layoffs apparently covered by the requirements submitted WARN notices, according to GAO. Further, WARN requirements do not apply to smaller-scale layoffs, which account for the majority of dislocated workers in many areas.

One strategy to learn about layoffs is to increase employers' awareness of the WARN requirements, through methods such as the following: direct mailings from the Governor describing the WARN requirements, an 800 number that employers can use to ask questions about WARN, and employer forums held by the PIC.

A second strategy is to develop networks with the employer or labor community. Examples of this approach include:

- Relying on PIC members to identify firms laying off workers or closing.
- Establishing standing Labor-Management Committees.
- Contracting with organizations that have experience working with employers and labor.
- Helping employers experiencing trouble to access state or private resources to help them.
- Using other community sources, such a state and local elected officials, State Job Training Coordinating Council members, and Chambers of Commerce.

A third strategy to learn about layoffs is by coordinating with other government agencies. Most commonly, substate areas establish coordination linkages with the ES/UI systems. Several states have used information from economic development agencies about firms which they were working that were laying off workers.

Strategies to Obtain Cooperation and Input from Employers and Workers

Obtaining Cooperation from Employers. Employer cooperation can be key to providing responsive early intervention services. Substate areas have identified the following benefits of working closely with employers:

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[2] *Dislocated Workers: Worker Adjustment and Retraining Notification Act Not Meeting Its Goals*, U.S. General Accounting Office, Washington, D.C., 1993.

- Identifying the affected workers.
- Providing key information about the skills of the affected workers.
- Permitting on-site space and release time for worker orientations.
- Permitting on-site prelayoff services.
- Providing financial assistance.
- Providing assistance in placing workers.

To establish employer cooperation, typically the rapid response team holds a meeting with the employer soon after the layoff notice is received. The strategies that substate areas used to increase cooperation include:

- Emphasizing the benefits to the employer from cooperating.
- Emphasizing the flexibility of services provided.
- Building trust and overcoming employers' suspicions.

Some substate areas also worked closely with the general employer community to make employers aware of the services offered to them and their employees through EDWAA. Another strategy is to develop rapid response services aimed directly at the employer, such as helping the firm obtain assistance from other agencies and training the employer's staff in how to manage a layoff.

Obtaining Cooperation from Employee Groups and Unions. The primary benefit of working closely with unions or worker representatives is greater acceptance of EDWAA services by the workers. Workers are more likely to see the information and services as beneficial to them with strong union support or leadership from trusted coworkers. Unions and worker representatives also can provide valuable information about the affected workers; can help identify the skills of the affected workers and their transferability to other industries or occupations; and can provide peer support to the affected workers, helping them cope with the trauma of being laid off.

In addition to establishing labor-management committees, substate areas have developed several strategies to involve unions or employee organizations in the design and delivery of EDWAA services.

- Contracting with union organizations.
- Involving unions and worker representatives in worker orientation meetings.

- Hiring former dislocated workers as EDWAA staff.
- Involving employment organizations in the development of EDWAA services.

Obtaining Input from Affected Workers. Many substate areas conduct surveys of all affected employees to help plan services appropriate to the needs of workers from a specific layoff. In addition, filling out the survey encourages workers' commitment to services by helping them consider what services they would find helpful, and several substate areas have designed their surveys to be used as input to developing individual service strategies.

Another innovative strategy to obtain input from workers is to conduct "focus groups" with small groups of workers to obtain information about the type and format of services needed.

Obtaining Joint Labor-Management Cooperation. Labor-management committees provide a vehicle to obtain cooperation of both employers and worker representatives and thus to realize the benefits of working closely with both, as identified above. In addition, several states and substate areas found additional benefits to having a joint committee per se, including providing help in the following areas:

- Controlling rumors, by answering questions that arise and providing accurate information about what is happening.
- Helping those "left behind," by bolstering their morale.
- Reassuring the community that organized efforts are being made to help the affected workers.
- Facilitating planning of services, allowing for discussions among the employer and workers about the appropriate services.

Nonetheless, states and substate areas have encountered several problems in establishing labor-management committees, including:

- Problems in selecting worker representatives when the workforce is not unionized. Flexibility seems the key in establishing labor-management committees in plants without unions. Many non-unionized plants have some type of worker group established that can identify appropriate representatives.
- Concern that anti-union sentiment in some areas is too high and that employers would be less willing to cooperate with EDWAA if the idea of a joint committee was introduced.

Overcoming employer resistance to labor-management committees is not easy, but the most successful approach seems to be to present the concept matter-of-factly as "the *way* that rapid response is conducted under EDWAA." Emphasizing the benefits in terms of improved morale and improved communication is another strategy used by several substate areas.

- Concern that it is too time consuming to establish a committee for each layoff. One approach to reducing the time required to establish a committee is to make the selection of a neutral chair more efficient by negotiating agreements with several potential chairs ahead of time. Alternatively, some substate areas have established standing labor-management committees, composed of community representatives from labor and business.

Strategies to Provide Timely Information to Affected Workers

Dislocated workers need timely information to help them develop a reemployment plan as quickly as possible. Especially when dislocated from a long-held job, dislocated workers may have little idea what their opportunities are in the current labor market, how to cope emotionally and financially with being laid off, and what help is available to them, either through EDWAA or through other agencies in the community.

Most states and substate areas conduct general worker orientation meetings as part of their rapid response activities. States and substate areas that merely describe EDWAA services in the orientation meeting, however, are missing an important opportunity to help dislocated workers access all the assistance that they need and begin thinking about their reemployment strategies. Several states and substate areas use the orientation meeting to provide more comprehensive information, including:

- Information about a wide range of community assistance, such as ES/UI, educational agencies, and, when appropriate, welfare, food stamps, and charitable organizations.
- Information about what to expect from being laid off, emotionally and financially.
- Presentations from former dislocated workers who can provide firsthand accounts of how helpful the services were in finding reemployment, and some of the pitfalls to avoid.

- Information about local labor market opportunities, especially in situations where workers will have difficulty replacing their relatively high wage rates.

One disadvantage of conducting a comprehensive orientation session is that it may be long and too much information for the workers to absorb, especially if they are still "in shock" about being laid off. Instead, several substate areas conduct multiple meetings to help workers absorb the information better.

Several substate areas involve family members in these orientations, stressing the importance of discussing the job loss with family members (to help cope with the emotional response) and of involving spouses and family members in developing a reemployment plan.

In some cases, employers refuse to cooperate with the rapid response team. In extreme cases, when the employer has refused to provide information about the affected workers, substate areas have obtained that information from the UI system or from unions or employee groups. More commonly, employers provide the substate area with names of the affected workers but refuse to allow an on-site orientation meeting. The following are strategies that some substate areas have used to provide information about EDWAA services when the employer does not cooperate:

- Distribute written materials.
- Hold an orientation meeting in a community location (e.g., a local school or library) or in a union hall.
- Contact the affected workers by telephone.
- Mail the written materials about EDWAA and other services to the affected workers.

Strategies to Link Rapid Response to Early Recruitment into Services

Although the rapid response mechanisms may be in place—WARN notices, employer meetings, worker orientations—often these mechanisms do not accomplish their intended goal of linking dislocated workers to services as quickly as possible.

Providing Prelayoff Services. Providing services to workers before they are laid off is a highly effective strategy to link workers quickly to services. Besides receiving the prelayoff services, workers who receive prelayoff services are more likely to enroll in ongoing services because they can find out that EDWAA services are helpful. Further, if stress management services are provided before the layoff, workers may be better able to cope with being laid off and to seek help sooner. Other prelayoff services that can increase the willingness of workers to seek services include financial planning—to help workers take immediate steps so that they can help support themselves during retraining—and provision of labor market information—to help workers confront the realities of the labor market.

One strategy is to establish an on-site center, usually in space donated by the employer, although some substate areas have trailers that they move from one layoff to the next. Employer cooperation is essential if the center is on the premises and employer contributions—such as donated space, staff assistance, and release time for participating in services—can substantially enhance the services available. Advantages to providing prelayoff services through on-site centers include:

- Services can be tailored to the specific needs of the affected workers at each site.
- Because it is very convenient for the workers to attend, participation is higher, particularly for "hard-to-sell" services such as "world-of-work" training or basic skills training.
- Centers often become social centers where workers can meet and share their experiences, providing important peer support.

An alternative to setting up a center at the affected plant is to establish a center at a separate location. Although not as convenient, workers may be more likely to participate at an off-site center in cases where they have substantial resentment of the employer, particularly if the off-site center is located in union halls.

Linking Affected Workers to Ongoing EDWAA Services. The most difficult early intervention task for many substate areas is to link affected workers to their ongoing programs soon after the layoff. Several of the early intervention strategies identified above can greatly assist in recruiting workers. Thus, the groundwork in developing cooperative relationships with the employer and union or other worker groups can pay off in terms of greater willingness of workers to seek out services. Further, as emphasized above, providing prelayoff services can increase participation in postlayoff services.

In addition, substate areas have developed a variety of other ways to recruit workers quickly into ongoing services. One strategy is to conduct intake activities, such as eligibility determination and enrollment, at the orientation meeting.

Another strategy is to follow up with those who attend the orientation meeting to encourage them to apply for services, which allows workers more time to consider whether they want to apply for services, while still actively linking them to services. Follow-up methods include telephone contacts, letters from union or labor-managemer committees or brochures, and enclosures with UI checks.

ASSESSMENT, CAREER EXPLORATION, AND SERVICE PLANNING

Strategies to Help Determine Occupational Interests, Aptitudes, and Transferable Skills

Many dislocated workers can find stable reemployment only in substantially different occupations than those from which they were dislocated. An important challenge, therefore, is to help dislocated workers explore their occupational interests and aptitudes to choose an appropriate career that will lead to stable employment and replace their previous wages to the extent possible.

A key aspect of this challenge is helping dislocated workers identify how their existing skills can be transferred to other occupations. To the extent dislocated workers can find new careers that use some of their existing skills, they will require less retraining and are likely to be able to start farther up the career ladder than those who begin in occupations that make little use of their existing skills.

The first strategy is to conduct formal tests of dislocated workers' interests and aptitudes. The advantages of using these existing tests are that (a) most have been developed by testing professionals and information has been published about their validity and reliability, (b) many relate the results of the tests to suggested occupational clusters that clients can explore, (c) many are easy to administer to groups of dislocated workers. The disadvantages of relying on existing assessment tests are that (a) some staff and clients may overinterpret the results as definitive statements about the client's career prospects, (b) some clients may be threatened by tests, and (c) some paper-and-pencil tests may not be appropriate for some clients—for example, those with low literacy levels or limited English skills.

A second strategy to help dislocated workers explore their interests, aptitudes, and transferable skills is through self-assessment exercises, most often conducted in group workshops. Substate areas have identified several advantages to having clients conduct self-assessment exercises. Specifically, these exercises can:

- Help clients think carefully about their own interests and aptitudes and increase their ability to identify appropriate career goals.
- Introduce clients to the concepts of work-related interests, values, and aptitudes, so that clients and counselors develop a common language to discuss appropriate reemployment plans during service planning.
- Clients in a group workshop can help each other, particularly if many have been laid off from the same occupation.

One disadvantage to group workshops, however, is that clients with fewer skills may feel intimidated or discouraged by sharing their self-assessment results with more highly skilled clients. Some substate areas have addressed this problem by developing separate workshops for workers at different skill levels.

The third strategy to assess clients' vocational interests, aptitudes, and transferable skills is through one-on-one interviews with vocational counselors. Typically, counselors spend at least an hour, and often longer, with each client, going over his or her work history and other experiences (e.g., hobbies, volunteer work) to determine the skills the person has acquired that might be transferable, aspects of previous work that the client liked and disliked, and aspects at which the client felt he or she was particularly successful and unsuccessful. Although it requires more staff time, this strategy is a highly individualized way to learn about clients' occupational interests and skills.

Strategies to Help Dislocated Workers Select Appropriate Career Goals

The next challenge is to help dislocated workers use the information about their interests and aptitudes to set appropriate career goals. The extent that dislocated workers need assistance in setting goals varies widely. Some dislocated workers have clearly defined career goals and sound, well-developed strategies for reemployment in a new occupation. Others are disoriented by dislocation and have unrealistic or unfocused goals and no idea how to prepare for reemployment. In between are individuals who have some ideas about occupational fields in which they would like to work but need information about the specific jobs available in their fields of interest.

Virtually all substate areas provide dislocated workers with some career information as part of the service planning interview. In addition, substate areas have developed several strategies to help dislocated workers explore careers and labor market opportunities, including:

- Using automated systems that use input on a client's interests, aptitude and previous school experience and generate possible occupations.
- Requiring clients to conduct research about labor market opportunities.
- Arranging for speakers or presentations about various occupations.

Strategies to Assess Basic Skills Needs

After helping dislocated workers assess their occupational interests and determine an appropriate career goal, the next challenge is to assess what barriers clients face to achieving their goals. One important barrier that should be assessed is whether dislocated workers lack the basic educational skills needed by today's economy.

Several considerations are important in designing appropriate basic skills assessment for dislocated workers:

- Their level of formal education may not be a good indicator of whether basic skills remediation is required.
- The wide range of dislocated workers' skills makes it particularly important to individualize basic skills assessment procedures; a single basic skills test is likely to be inappropriate for at least some workers.
- Dislocated workers, many of whom have been out of school a long time, may be particularly threatened by basic skills testing. Substate areas should carefully examine what information they need and how they will use the information generated by basic skills assessment.

Strategies to Assess Other Needs

Although most substate areas provide a core set of basic readjustment services to all dislocated workers, some have also developed a variety of optional basic readjustment services. Further, many substate areas systematically assess clients' needs for supportive services and income support. These substate areas have developed a variety of strategies to assess these needs, including the following:

- A formal assessment instrument, often developed with assistance from a consultant.

- Systematic observation of client's behavior during a counseling interview or during a workshop.
- Structural questionnaires that ask clients about their need for various services.
- Have a specialist to assess clients, particularly about their need for stress management services.
- Interview checklists, which the counselor uses to guide the discussion about other service needs during a service planning session.

Strategies to Develop Comprehensive Service Plans

Service planning is the culmination of the assessment and career exploration process. Once a career goal has been selected and the barriers to reaching that goal have been assessed, the counselor and client need to work together to develop a practical and comprehensive plan that identifies the services the client needs and the actions that must be taken to achieve that goal.

Substate areas with more responsive procedures generally have developed structured procedures to guide the development of comprehensive and appropriate service plans. Service plans in these substate areas contain the following:

- Clear career goals.
- Planned activities that address both immediate employment objectives and longer-term career goals.
- Services that address all potential barriers to employment.
- A sequence of services, with estimated timetables for achieving intermediate milestones.
- A clear delineation of the responsibilities of clients, counselors, case managers, service providers, and outside agencies.
- Provisions to update career goals and needed services, as necessary.

In developing service plans, substate areas face the challenge of responding to dislocated workers' preferences for services while encouraging them to participate in appropriate services that will lead to stable employment with wages as high as possible. Strategies that some substate areas have used to encourage dislocated workers to select and participate in appropriate services include:

- Career exploration exercises.

- Promoting active client involvement in service planning.
- Counseling clients on the need for services to achieve stable employment in high-quality jobs.
- Providing for the gradual evolution of service plans, including:
  - Information from assessments.
  - Identification of potential barriers to employment.
  - Information about labor market opportunities.
  - Information about training providers and available training courses.

SUPPORTIVE SERVICES AND CASE MANAGEMENT

Strategies to Ensure Access to Needed Income Support during Retraining

Attention to the income support needs of dislocated workers is important so that individuals without the ability to support themselves during retraining are not discouraged from participating in services. Dislocated workers can benefit from attention to immediate and longer-term needs for financial support because they can make informed decisions about program participation; the program can benefit because it reduces the likelihood that participants will drop out before completing services.

Providing EDWAA participants with needs-related payments or participation allowances (often provided as allowances to cover transportation expenses) is one strategy to help dislocated workers support themselves during training. The advantage of providing income support with EDWAA funds is that participants can be immediately linked to a source of income support. The disadvantages are that (a) providing substantial needs-related payments reduces the resources available for other services, and (b) providing income assistance to dislocated workers, but not Title II participants, may be perceived as inequitable by policymakers. As a result of these disadvantages, in most substate areas, the level of payments from EDWAA supportive service funds falls short of the amount needed to cover household expenses during retraining.

Because EDWAA expenditures for needs-related payments and supportive service allowances are usually insufficient to cover participants' income support needs during retraining, most substate areas depend on coordination with other funding streams to provide additional financial support for EDWAA participants. EDWAA case managers are often instrumental in helping participants to apply for benefits from a wide range of other funding sources, including:

- Unemployment Insurance (UI) benefits.
- Trade readjustment allowances (TRA).
- State-funded benefits.
- Federal or state-funded student financial aid programs.
- Income support programs for dislocated workers who also qualify as economically disadvantaged.

Another strategy to enable a wide range of dislocated workers to have income support during longer-term training is to arrange for individuals to generate income to support themselves by working at part-time jobs while in training or "stop-gap" employment prior to retraining.

Strategies to Provide EDWAA Participants with Needed Supportive Services

In addition to helping dislocated workers obtain income support during program participation, EDWAA programs need to address other needs, which, if unmet, could prevent participants from successfully completing retraining. These supportive service needs include assistance with training-related expenses, such as child care, tools, and uniforms, or personal or family needs, such as emergency food or shelter needs and assistance with personal crises. These needs may be met through EDWAA funds or through coordination with other community agencies.

Strategies to Assess Participants' Progress over Time

The most basic function of ongoing case management is tracking clients' status while enrolled in EDWAA services. Regularly scheduled contact with all participants ensures that the case manager is consistently aware of participants' activities and progress and can intervene to help resolve problems identified by participants. Regular contact with service providers or instructors is often a useful supplement to client contacts. Substate areas with a high volume of participants or limited staff resources may need to limit case management contacts to tracking procedures to identify problems that need special attention. This strategy may also be appropriate for substate areas serving relatively high-skilled workers.

The second role of case managers is to assess participants' progress in meeting their goals. Even if clients' long-term goals remain fixed, case managers may need to make changes to short-term goals or planned services, particularly when previously unidentified barriers to employment are diagnosed. To assess participants' progress adequately, case managers need to collect information systematically to make needed changes in planned services.

The third role of the case manager is to provide ongoing encouragement and support. Although most case managers fulfill this role to some extent, case managers in some substate areas provide particularly extensive counseling to clients throughout their participation in services. Although not always required, for dislocated workers who are experiencing a great deal of stress from being laid off, from searching for a job, or from attending school for the first time in years, ongoing support from a case manager may make the difference between success and failure.

JOB SEARCH TRAINING AND ASSISTANCE

Strategies to Provide Labor Market Information and Training in Job Search Methods

Almost all substate areas make some use of individual counseling to provide job search training, but some rely solely on this strategy. The ability to respond to individual needs is the main advantage of one-on-one assistance. It is especially appropriate for participants who already have substantial job search skills and require only a brush-up to perform at their best. On the other hand, one-on-one counseling is very labor intensive, often involves far fewer hours of instruction, depends heavily on the counselor's ability and experience, and provides few opportunities for mutual support among participants.

As another strategy, small-group workshops may be offered as either prelayoff or postlayoff services. Stand-alone workshops are intended as comprehensive, general-purpose introductions to job search methods, suitable for a wide range of participants. The workshops we observed for this study varied in length from 4 to 40 class hours. Participants in shorter workshops of 16 hours or less often found that they covered too narrow a range of skills (focusing almost exclusively on job interview techniques, for example) or tried to cover a comprehensive curriculum far too quickly. Most of the workshops conducted by the ES were shorter-term workshops, except for a few that were designed specifically for EDWAA participants.

Surprisingly, we found little evidence that participants in longer workshops thought they were too long or slow. On the contrary, people usually appreciated the chance to master a wide range of techniques at a pace that permitted extensive practice exercises and group discussion.

An alternative to the stand-alone workshop is to incorporate job search material into workshops covering a wider range of basic readjustment services. In assessment-stage workshops, job search is addressed relatively early in the service process, along with assessment, career exploration, and/or crisis adjustment material. This approach emphasizes the need to set personal and career goals and identify transferable skills as a first step in planning the job search, although the timing of job search information may be too early for participants bound for classroom training. In integrated workshops offered just before job search, job search training is combined with goal setting, crisis adjustment, world-of-work training, or communications skills.

Strategies to Provide Job Search Training and Assistance to All Participants

Substate areas need to ensure that job search training is available for all participants, including those interested in immediate employment and those interested in retraining. Integrated workshops held at the assessment and service planning stage are especially well suited to this role and are often made mandatory for all participants. Another way to provide job search training to classroom training participants is by requiring a job search component in occupational skills classes. In cases where most classroom training is provided through individual referrals to community colleges or vocational schools, a second option is to encourage participants to attend suitable on-campus job search workshops offered by the school; such workshops are often designed with the assistance of the substate area.

Strategies to Provide Ongoing Support for Participants during Job Search

Effective job search assistance involves much more than monitoring the participant's activities. Participants may need assessments of their current job search skills; referrals to the ES, continuing help with resumes, interviewing techniques and planning the job search; emotional encouragement; and help in solving child care or transportation problems. As in all case management, it is essential to schedule regular contacts with the participants during their job search, including in-person visits when needed. Without frequent contact, participants often pursue impractical job search strategies or become discouraged.

Some substate areas establish job clubs to provide a forum for participants to discuss their job search experiences, share information about job leads, and prevent the isolation and discouragement that unemployment often brings. Separate job clubs are sometimes established for broad occupational areas, grouping together participants who are likely to have common experiences and face similar barriers.

Some substate areas also provide logistical support for participants' job search efforts, often taking the form of a resource center with such facilities as:

- Telephones, fax machines, stationery, and mailing privileges.
- Word processors and clerical support for producing resumes.
- A job search library with newspapers, trade journals, and other reference material.
- Access to job listings in the form of a bulletin board, binder, or computer terminal linked to the ES database.
- Counselors or job developers on hand to demonstrate use of the equipment and answer questions.

Resource centers also support job search by encouraging networking and camaraderie among participants in an informal but businesslike atmosphere.

Strategies to Match Participants to Jobs in Keeping with Their Skills and Previous Wage Levels

Because job banks contain information gathered from large numbers of employers, they can be a very efficient way for clients to learn about current job openings. Job banks are especially helpful for participants with specialized skills and those in large or widely dispersed labor markets.

Some substate areas have developed their own job banks, in one of the following forms:

- Small-scale systems for pooling leads identified by the substate area's own job developers and matching them to clients.
- Large-scale job listings assembled especially for the substate area's participant population using mass mailings, telephone surveys, or databases purchased from industry sources.

In addition, nearly all substate areas offer access to job banks indirectly, by referring participants to ES offices. At present, practical coordination between EDWAA and ES at the local level varies enormously. Some substate areas indicated that ES services were not appropriate for many dislocated workers. On the other hand, we also found some examples of effective coordination between ES and EDWAA, including a number of efforts to provide direct access to ES job listings.

In addition, many substate areas conduct their own outreach to employers. This can take the form of general job development, in which job leads are pooled for later match to participants, or job development for specific participants or groups of participants with similar backgrounds.

The third strategy is to conduct job fairs or have employers make presentations about their openings. The distinguishing feature of this strategy is that employers are brought in to meet participants. Substate areas that have organized such events find that they serve several purposes, including:

- Career exploration. Participants have an opportunity to learn about the duties and working conditions involved in different occupations.
- Job search training. Participants hear firsthand about what local employers are looking for in a resume and job interview.
- Job search assistance. Employers often use the job fair or presentation to screen candidates for job openings and to set up appointments for formal interviews.
- Future job development. Employers also have a chance to learn more about substate area services and participants, and this often pays off in future job orders and OJT opportunities.

CRISIS ADJUSTMENT, JOB READINESS, AND RELOCATION SERVICES

Strategies for Providing Stress Management Services

Stress management is an important basic readjustment service for many dislocated workers. The emotional response to losing a job is complex and can affect many aspects of dislocated workers' lives. Stress can result from financial uncertainty, diminished self-esteem, changes in interpersonal relationships, and the process of searching for a new job.

An important strategy to address these crisis needs is to present the typical reactions to job loss to help dislocated workers understand their feelings. Commonly, this is presented as the "stages of grief" that dislocated workers go through in response to the loss of a sometimes long-held job. Although there are several variants, most commonly these stages are presented as:

- Disbelief or denial. *"This can't be happening to me."*
- Anger. *"After all I've done for this company...."*
- Depression. When dislocated workers understand the reality of being laid off, many feel overwhelmed and hopeless.
- Acceptance. The final stage is acceptance of the reality of the job loss and the ability to start making plans for the future. Helping dislocated workers get to this stage as quickly as possible is the goal of stress management services.

Some substate areas also teach dislocated workers techniques to cope with stress. Typically, this begins by teaching dislocated workers the indicators of stress and then providing information and training in coping skills, including physical ways to cope with stress (e.g., exercise) and emotional ways to cope with stress (e.g., seeking out support from family or friends).

A third strategy is to try to alter dislocated workers' behavior or self-esteem, including:

- Instruction in assertive behavior as part of stress management services.
- Services to improve dislocated workers' self-esteem.
- Help in improving family relationships.

Strategies for Providing Financial Management Services

Providing dislocated workers with assistance in financial planning and budgeting offers several advantages. First, financial insecurity is often a major source of stress for dislocated workers, so helping them develop a realistic plan can speed up their adjustment process and help them focus on plans for reemployment. Second, having dislocated workers develop a budget can help the program diagnose their need and eligibility for financial assistance from EDWAA or other programs. Third, helping dislocated workers take immediate action to reduce their expenses will maximize their options for services, by making it easier for dislocated workers to support themselves during any needed retraining.

Many substate areas help dislocated workers develop budgets. Another topic frequently covered is ways to work with creditors. Dislocated workers are usually advised to "take the offensive" by contacting all of their creditors to inform them about the layoff and ask for assistance in lowering their monthly payments until they find work. Some substate areas also provide counseling about maintaining or replacing employee benefits. Finally, many substate areas help dislocated workers identify whether they are eligible for other income assistance programs, such as UI, TRA benefits, food stamps, or Pell grants.

Strategies for Improving Job Readiness

Because dislocated workers often have substantial work experience, many substate areas have assumed that they do not need training in job readiness or world-of-work skills. However, other substate areas have found these services very valuable for some types of dislocated workers. For example, dislocated workers laid off from highly structured jobs, such as assembly line production, may not have developed some of the skills required by other industries, such as working in teams or participating in decentralized decision-making. By learning how to better communicate with co-workers, resolve work conflicts, and increase personal effectiveness, participants improve their chances for success in future employment. Further, training in organizational and communication skills can help dislocated workers in their job search efforts.

Strategies to Provide Relocation Assistance

Substate areas typically give less attention to relocation assistance, not offering this service at all or making it available only in limited circumstances. A large majority of the substate areas visited for this study did not offer relocation or used it only rarely. Some programs, however, have made much greater use of this service and a few have made concerted efforts to promote it.

Several substate areas provided physical resources for out-of-area job search to help workers locate appropriate jobs as part of their relocation assistance, including major metropolitan newspapers from other regions, long-distance telephone privileges, employer directories, and various listings of jobs in other regions and states. Although out-of-area resources were less extensive than those available for local job search, they gave relocating participants a place to start. In some cases, programs provided assistance with either out-of-area job search or moving expenses.

CLASSROOM TRAINING IN BASIC SKILLS

Strategies to Meet the Varied Needs of Dislocated Workers with High-Quality, Cost-Effective Services

The first strategy, referring participants to existing basic skills trainers, offers substate areas two distinct advantages. First, it allows substate areas to offer a wide range of training options to meet individual needs. Of the numerous training providers that may be available in a substate area—community colleges, vocational technical schools, volunteer literacy programs, Adult Basic Education (ABE) programs, ESL programs, and proprietary schools—each organization may have a very different approach to remediation, some of which may be more appropriate for some dislocated workers than others. The other key advantage of using referrals to existing providers is that it reduces program costs.

There are, however, some disadvantages to using existing basic skills providers that must be addressed. The most obvious, which often undermines the efforts of rural substate areas, is that local resources for basic skills training may be limited. Further, existing programs may not be geared to the specific needs of dislocated workers.

To address these potential disadvantages, substate areas have identified three important principles for arranging for high-quality basic skills instruction. First, it is important to know the training approaches used by each basic skill provider. Second, participants need to be matched to programs whose approaches, experience, and track records indicate they successfully train participants with similar backgrounds and needs. Third, it is important that dislocated workers are enrolled in EDWAA while receiving remedial training so that dislocated workers do not "fall through the cracks" and not return for additional services through EDWAA.

The second strategy is to provide basic skills training through in-house programs. This approach has two advantages. Foremost, it gives EDWAA programs maximum control over nearly all aspects of basic skills instruction, including selecting instructional staff, curricula, and materials. Second, it is easier to set up case management procedures to monitor participant progress and to provide EDWAA services at the same time. With maximum control, however, comes maximum responsibility. Substate areas must bear the cost of developing and maintaining in-house training facilities.

Strategies to Provide Basic Skills Training Appropriate to the Needs of Dislocated Workers

Whether basic skills training is delivered through the substate area's own in-house program or through referrals to local providers, substate areas face the important challenge of ensuring that the training curricula—instructional topics and materials, course organization, and training environment—are appropriate for dislocated workers.

Traditional instruction imparts abstract knowledge rather than teaching skills embedded in a real-life context. But educators are growing more convinced that learning is most effective when it places skills in context. One way to make basic skills job-relevant is to integrate basic skills and occupational skills training in a single curriculum so that remedial work is closely linked to occupational topics. As a result, students know exactly why it is important to learn the basic skills and how the skills can be applied on the job. Alternatively, stand-alone courses in basic skills can provide the fundamental math, reading, and writing skills that participants can apply to a wide range of vocational interests. Stand-alone courses, however, must work harder to provide basic skills using job-relevant exercises and instructional materials.

Attaining basic skill proficiency is rarely a dislocated worker's sole goal; rather, it is a means to obtaining a job. Remedial curricula, therefore, should promote accelerated learning. To allow dislocated workers to remediate their basic skills quickly, basic skills programs should offer (1) open-entry/open-exit scheduling so that participants do not lose valuable time waiting for semester enrollment to begin their remediation, (2) flexible scheduling so that dislocated workers can fit remediation into their training schedule, and (3) individually paced learning, which allows students who are better prepared or who learn faster the chance to complete their coursework quickly. The intensity of instruction is also crucial. Basic skills programs that meet infrequently for only a few hours a week unnecessarily slow down students' progress.

Many dislocated workers have been out of school for many years; some may have been intimidated by their previous school experiences and never planned to return to school; others may have dropped out of school altogether. Further, many older dislocated workers may be fearful of the prospect of failing in front of younger students in class. Substate areas must allay these fears by developing a nonthreatening environment for learning. Some substate areas may be able to contract with schools that have effectively addressed the needs of older workers. Two successful approaches that other substate areas have used are (a) providing basic skills remediation to dislocated workers in a group setting, and (b) providing special support within a school, such as a counselor or contact person to assist and support participants.

CLASSROOM TRAINING IN OCCUPATIONAL SKILLS

Strategies to Provide a Wide Range of Retraining Options

Substate areas that are also SDAs for Title II-A programs cannot assume that the delivery arrangements for training economically disadvantaged adults will be appropriate for EDWAA participants. Particularly if Title II-A delivery systems use a relatively small number of class-size training programs, these classes are likely to focus on training for entry-level occupations with relatively low wages. Delivering training to dislocated workers requires an approach that is both more flexible and more individualized. Delivery systems for training dislocated workers need to be varied enough to respond to the needs of all dislocated workers in the local area and flexible enough to adjust to shifts in the characteristics of dislocated workers over time.

Arranging Referrals to Local Educational Institutions. If the local community offers relevant training resources, referring EDWAA participants to existing classes at public educational institutions is often a cost-effective way to provide a wide range of training options. In arranging for the referral of dislocated workers to existing vocational programs, substate areas should be concerned about whether the training is:

- For occupations in demand in the local labor market.
- Vocationally relevant.
- Comprehensive enough to enable dislocated workers to obtain jobs beyond the entry level, if possible.

Other substate areas, however, have encountered some disadvantages to using existing programs at public educational institutions, including (a) rigid semester schedules and generally long-term duration of training programs at public educational institutions (e.g., 1 to 2 years), (b) requirements for general education courses and academic prerequisites as part of a degree program, and (c) at some schools, a reliance on lectures and pencil-and-paper exercises, rather than hands-on practice of work-related skills. In addition, existing training classes may not be oriented to building on the existing skills of students with related work experience. To encourage vocationally relevant training, some substate areas relying on individual referral have worked cooperatively with local educational institutions to improve the focus of training on the development of practical work skills.

Permitting Participants to Select Courses. A second strategy is to permit EDWAA participants to research and select among a number of public and private course offerings to address the retraining goals identified in their individual service plans. This approach may provide EDWAA participants a particularly wide range of training options, including a variety of different occupational choices, geographic locations, scheduling options, training durations, and course requirements.

The potential disadvantages of this approach include: (a) the difficulty of overseeing the quality and job relevance of the training provided in each of the available classes, (b) the need to depend on participant initiative in researching and selecting the desired training institution, and (c) the difficulties of providing ongoing case management and support if EDWAA participants are attending a multitude of different training institutions. This approach is probably most appropriate for substate areas serving more highly educated dislocated workers who are familiar with educational institutions and the demands of training and who are highly motivated and self-directed. It may not work as well for substate areas serving large numbers of lower-skilled workers or individuals who do not have a clear occupational goal.

Developing New Training for Dislocated Workers. A third strategy is to develop new training programs for dislocated workers. This strategy is feasible when there is (a) a group of dislocated workers with similar retraining needs and interests, (b) sufficient advance warning of the dislocation to design and implement a new training program, and (c) a labor market that can absorb a group of workers trained in the same occupation.

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The development of special classes for dislocated workers offers several potential advantages. First, participants in these classes can benefit from peer support from other dislocated workers participating in the same training program. Second, special classes can often be scheduled to meet the timing needs of particular groups of dislocated workers, be designed to build on dislocated workers' existing skills from the layoff occupation, and be tailored to the particular requirements of prospective employers. Third, special classes can be designed to increase the vocational focus of training by eliminating vocationally irrelevant prerequisites and emphasizing the acquisition of practical work skills.

The experiences of the substate areas creating new training programs for dislocated workers have been mixed. Some had difficulty finding good instructors or developing a workable curriculum in a short period of time and placing participants at the end of training. In addition, the costs of designing the curriculum, developing curriculum materials, and paying for instructors can be substantial, particularly if these costs are not shared with another funding source or agency.

Several substate areas have gained some of the advantages of developing new training programs by working closely with public educational institutions to add courses particularly appropriate for dislocated workers to their general course offerings available to all students.

Strategies to Prepare Dislocated Workers for High-Wage Jobs in Demand Occupations

Many dislocated workers experience a permanent decline in earnings after layoff. Workers dislocated from high-wage manufacturing jobs in areas where manufacturing jobs are rapidly disappearing, or where non-unionized firms are replacing union shops, are not likely to be able to obtain reemployment at wages equivalent to those of their previous job, particularly if they have limited formal education. Nevertheless, dislocated workers need to achieve as high a reemployment wage as possible to support their families and meet their financial obligations.

Targeting Occupations in Demand. Detailed and accurate information about labor markets and labor market trends is essential to success in providing retraining that will lead to the highest-quality reemployment opportunities for dislocated workers. Substate areas, however, have sometimes had difficulty developing workable criteria to ensure that training is provided only in occupations with a strong labor market demand. In some substate areas, "demand occupations" are defined somewhat narrowly (e.g., occupations in which large numbers of jobs openings are expected) or defined for the state as a whole, which results in a relatively short list of occupations in which training can be provided. Even more problematic is the fact that the identified demand occupations are often in entry-level occupations in the clerical and service fields that pay low wages and cannot replace the previous wages of dislocated workers.

Two different approaches are particularly effective in ensuring that training is in demand occupations. One approach is to conduct surveys of occupational demand at a local or regional level and establish regional occupational demand lists in cooperation with neighboring substate areas. Another approach requires individuals seeking training in a particular field to document the availability of jobs in that field.

Providing Training That Builds on Existing Skills. A second strategy to prepare workers for high-wage jobs is to build on their existing skills. The objective of enhancing existing skills is to prepare dislocated workers for a lateral move into another skilled job rather than beginning at the bottom of a new career ladder. DOL has cautioned substate areas against providing skills enhancement, when individuals are already employable in an occupation in which there is a current labor market demand. However, when the skills of the laid-off worker are obsolete or not at the level of other job seekers in the layoff occupation, or when short-term training can be used to transfer a worker's existing skills to a different occupation, substate areas have used skills enhancement training as a cost-effective strategy.

Strategies to Encourage Dislocated Workers without Marketable Skills to Participate in Retraining

Dislocated workers who have limited formal education or who have been away from an academic setting for many years are often reluctant to consider classroom retraining, because it is an unfamiliar and threatening experience for them. Yet these are the workers whose limited skills often put them at a severe handicap in the search for new employment.

To promote participation in retraining by dislocated workers who are fearful of classroom training, several substate areas have developed short-term classes in a "safe" setting. These classes are usually designed to provide some skills enhancement while also encouraging participants to continue with additional retraining at existing educational institutions. Peer support is a strong element enhancing the effectiveness of several of these programs.

Another strategy to encourage dislocated workers to participate in classroom training is to provide on-campus support, such as counseling and case management. This approach is generally workable only if EDWAA participants are concentrated at a small number of training institutions.

ON-THE-JOB TRAINING

Strategies to Match Clients to Appropriate OJT Positions

Developing Potential OJT Positions. The first step in matching clients to appropriate OJT positions is developing appropriate job openings. The following approaches have been used:

- Identify potential OJT positions as part of the substate area's general job development activities.
- Develop OJT positions for specific participants or groups of workers with similar backgrounds from a particular layoff.
- Have clients seek out potential OJT positions, typically using a letter or brochure that describes OJT wage reimbursements that can be given to prospective employers. Although this strategy expands employer outreach efforts, the program may have less control over the appropriateness of the position.

Assessing Whether an OJT Position Is Appropriate for a Specific Worker. The next step is to assess whether a potential OJT position is appropriate for a specific dislocated worker. This additional assessment involves determining both whether a specific job is appropriate to the participant's occupational interests, skills, and financial needs and whether OJT is needed to provide training in skills that the participant needs to acquire to perform that job. The following methods are used for the assessment:

- Interviewing the client to review his or her transferable skills and determine the skills that the client will need to acquire to perform the job.
- Using a formal paper-and-pencil tests to determine whether a potential position is a good match to the participant's interests and aptitudes and to compare the skills and proficiencies that the participant currently has with those required to perform the job.
- Having the participant perform actual job tasks to determine the participant's current proficiency and whether the job is consistent with his or her interests and career goals.

Evaluating the Suitability of Employers. The final step in matching clients to OJT positions is determining the suitability of the employer. Substate areas consider several aspects of employers and their potential OJT positions, including:

- Whether the wage and skill levels are appropriate for dislocated workers. Some substate areas target higher-skilled occupations that take advantage of dislocated workers' greater work maturity and transferable skills.
- Whether the job can provide stable employment. In addition to general policies about providing retraining in occupations in demand, some substate areas investigate whether the specific company is financially sound.
- Whether OJT is needed. This involves investigation of the types of workers normally hired by the firm and the amount and type of training typically provided to any new entrants.
- Capacity to carry out OJT. This involves assessing the employer's ability to provide effective training at the work site.

Strategies to Develop Training Plans

The training plan begins with an analysis of the skills required to perform the job. In the past, many substate areas considered it sufficient to provide a simple description of the tasks performed on the job. This approach was problematic because it did not provide clear guidance about the skills needed to perform those tasks and how the OJT was to provide those skills. Instead, the job description needs to be transformed into a series of skills or competencies by breaking out the job into a number of discrete tasks and identifying the skills needed to perform each task.

Substate areas with successful OJT programs generally perform job analysis in active partnership with the employer through a structured interview with the job supervisor to identify tasks and skills needed for the position. In addition, many substate areas use this conversation with the employer to discuss other elements of the training plan, such as the instructors and training methods to be used.

An essential step in preparing the OJT training plan is to tailor it to the needs and capabilities of the trainee chosen for the position. In some cases, training hours for some skills may be reduced to reflect transferable skills that the specific dislocated worker brings to the job; in other cases, hours devoted to occupational skills training may be added to compensate for the client's specific employment barriers identified in the assessment.

Strategies to Help Employers Provide Effective Skills Training

Although careful employer screening and a well-developed OJT training plan provide the foundation for successful training, responsibility for day-to-day instruction and review of the participant's work usually falls to an immediate supervisor at the work site. Many supervisors are quite competent in the role of coach or trainer, but participants interviewed for this guide report that the quality of on-the-job instruction varies widely. Considering that this is likely to be the single most important element of OJT from the participant's perspective, it is perhaps surprising that so few substate areas have addressed it systematically in their service designs.

Substate area staff will seldom be familiar with the content of skills being taught in OJT, but they can provide resources for encouraging effective teaching techniques. One way to accomplish this is through formal group training for employers and line supervisors. A second approach is through on-site monitoring of OJT contracts to help employers implement successful training plans by identifying unproductive teaching methods and communication problems and taking corrective action.

CONCLUSION

It is clear that there is not one single design for services that are responsive to the needs of dislocated workers. Substate areas have developed a wide variety of alternative strategies to provide such services. Regardless of the strategy chosen, however, it is essential that the basic ingredients for responsive services be in place. The results of our study show that services consistent with the model of responsive services lead to better outcomes for dislocated workers.

Comparing the outcomes of substate areas with services consistent with this model of responsive services to the outcomes of substate areas with less responsive services, we find that:

- Prelayoff services result in higher follow-up wages.
- More responsive basic readjustment services, especially crisis adjustment services, result in higher entered employment rates.
- More responsive classroom training results in higher wage rates.
- Overall, more responsive services result in substantially higher entered employment rates—suggesting earlier reemployment—and higher follow-up wages—suggesting better wage replacement.

As a result, we strongly recommend substantial capacity building efforts on the part of both state and federal agencies to assist substate areas in developing services responsive to the needs of dislocated workers.

Chairman WILLIAMS. Thank you very much.

The next before us is Michael Curran, Director of NOVA Job Training Consortium.

Mr. Curran, we've been reading a lot about NOVA lately and we appreciate your accepting our invitation to be here and share your thoughts with us.

STATEMENT OF MICHAEL CURRAN, DIRECTOR, NORTH VALLEY PRIVATE INDUSTRY COUNCIL (NOVA) JOB TRAINING CONSORTIUM

Mr. CURRAN. Thank you, Mr. Chairman. I used to have to walk into a room and explain—TV program.

Chairman WILLIAMS. It's clearer now, from the press, that you are neither of those, that you have friends in high places.

Mr. CURRAN. NOVA was formed in 1983; it was located about 15 miles to the south of where we are today. It is a six-city consortium that has approximately 450,000 residents. It also has about 525,000 jobs. It's the heart of Silicon Valley and it's a very unique community for employment training needs.

The JTPA provided this community with the opportunity to develop new mechanisms for addressing those employment training needs and that's what I hope to be able to talk a little about today.

Over this past decade, NOVA has developed an increasingly comprehensive approach to worker dislocation. This is not new in the sense but relatively new to defense conversion. When we first formed, our canneries were closing and the food processing industry, and Santa Clara Valley was moving up.

Over the past 10 years, we've had extensive experience in electronic manufacturing, as both the manufacturing has changed and there is a lot of it that has been devastated. And most recently, over the last three or four years, with defense conversions, brought us a different clientele and a different set of issues.

In my written testimony, I took the opportunity to describe in more depth the evolution in the service alternative for existing systems. Today I will use my short time before you to highlight some of the components of the system that I believe are critical to a successful reemployment program for dislocated workers. I also have some recommendations for legislative changes that would augment our capacity for——

Successful dislocated worker programs are customer driven; they are aimed at both the dislocated worker customer and the employer customer. Both of these customers should actively participate in the design and the implementation of the services.

Successful programs are results oriented. We have a clear understanding of what are the desired outcomes and means to measure a program's success. Accomplishments should be rewarded, not expenditures.

There is local control of the design, operation, and evaluation. The NOVA Private Industry Council and the six consortium cities are both responsible and accountable for program effectiveness. Successful programs are, in service options, able to respond to diverse needs of the worker population and of the employer community. NOVA's programs today are different from those yesterday and likely will be very different tomorrow.

They should have a capacity for comprehensive assessment and a customized service strategy both for the employer and the participant. The strategies become the contract for participation. And the program must be a catalyst to integrate the other resources for the participant and for the employer which would serve as a gateway for other employee training and support services.

The five legislative changes that I hope you would consider to augment the capacity and quality of the current system, are:

To define the system in terms of what are the desired results and not in terms of the detailed description on how the money should be spent and, to the corollary, define local accountability for the funds on what is performance, what occurs with the dollars, not on cost categories.

Eligibility for the program should be widely expanded with a wide array of Federal, State, and local services available through one system. Participants and employers don't understand all the nuances of a major legislation, nor should they have to.

Funding appropriation should be sufficient to achieve the desired outcomes. The system should be set up to—from the very beginning.

And finally, legislation should promote working with employers in situations other than layoffs to encourage workplace retraining to avoid workforce reductions.

In closing, I have mentioned local control, customer-driven, results-oriented, comprehensive and integrated service options, flexible and accountable systems. As Dr. Dickinson described, these attributes are those of many of the private industry councils across the Nation and these PICs should be given first opportunity to forge an expanded reemployment system for dislocated workers.

Thank you for the opportunity to comment.

[The prepared statement of Mr. Curran follows:]

TESTIMONY

Prepared by: Mike Curran, Director for the North Valley Private Industry Council, for Presentation before the United States House of Representatives Subcommittee on Labor-Management Relations on September 20, 1993

Mr. Chairperson and Members of Congress:

Thank you for this opportunity to testify before the Subcommittee on Labor Management Relations on the subject of improving programs and services to dislocated workers. The North Valley (NOVA) Private Industry Council (PIC) is well positioned to provide comments in this area in that we have been actively involved in designing and delivering employment training services to a wide spectrum of dislocated workers. We have first-hand experience on what works and, as important, what doesn't work for our community.

Before providing specific comments, it is important to familiarize the reader with the efforts of NOVA. The NOVA PIC was created in 1983 with the implementation of the Job Training Partnership Act. The State of California recognized the six cities that form the NOVA consortium (Cupertino, Los Altos, Mountain View, Palo Alto, Santa Clara and Sunnyvale) as being a unique region of California, with unique employment training needs and opportunities. This area has approximately 450,000 residents and 525,000 jobs. Referred to as the birthplace and heart of Silicon Valley, it has been experiencing major workforce transition over the past twenty-five years.

When the NOVA PIC first took on its charge, it stated its commitment to provide leadership in the development of an employment training delivery system that was customer-driven, results-oriented and accountable for its performance. It defined its customer as not only the JTPA-eligible job seeker but also those who hire the job seeker, the employer community. The NOVA PIC also realized that allocated funds were not sufficient to begin to address the region's employment training needs.

As a consequence, a strategy was adopted to identify employment training needs beyond those that could be addressed through JTPA resources and to pursue additional federal, state and local funding to provide an appropriate response. In our first year of operation the first discretionary grant that we received was funds set aside by the State of California for dislocated worker projects. Our project was the closing of several food processing canneries. That seems like such a long time ago for those familiar with NOVA today.

In the years that have followed, NOVA has secured a number of discretionary grants from a number of funding sources to deal with specific closures, and with large workforce reductions in the electronics, manufacturing and defense industries.

When JTPA Title III was amended in 1988 NOVA, along with all the other Service Delivery Areas (SDAs)s in California, was designated the Substate Service Area (SSA). The State took this action recognizing the diversity of community and employer needs throughout the state and the benefit of a local, customized response to worker dislocation. Further, the State made a commitment to promote and support rapid response activities through the local SSAs/SDAs. You will find that this action has increased the local capacity of many of the private industry councils throughout California to provide leadership and more accessible and comprehensive services to dislocated workers.

Increasing the capacity of the dislocated worker system in California put a much higher demand on Title III funding. The NOVA PIC alone had enough closures/layoffs to justify applications for almost half of the State's discretionary funds. (The State of California reserves 40% of the EDWAA funds for rapid response and special projects approved on a case-by-case basis.) The NOVA PIC, in partnership with its neighboring SDAs, approached the State with a new proposal: a "Block Grant" to implement a more comprehensive strategy that was not limited to specific employers, that encouraged active employer involvement, and that would be a catalyst for other federal, State and local resources. This new service strategy was funded on a demonstration basis for $1,800,000 and relied heavily on in-depth assessment of skills and aptitudes and referral to a wide array of employment training solutions. It was a partnership between SDAs, between the employment service, the NOVA PIC, the community college and the local employers involving the collocation of staff and the commitment of financial resources. Access to the services are both at a central location and at several employer sites. While this service delivery system is not under "one roof" it is all under the one umbrella of the NOVA Private Industry Council. Services for the job seeker include in-depth assessment (both paper/pencil and electronic), development of customized employment strategies and appropriate resources to pursue those strategies. These resources include job development and job search assistance, the supportive services of a reemployment center (phones, computers, job banks, support services), case management, a job network for professionals (ProMatch), a computerized learning lab, and individual referral to on-the-job training, vocational classroom training and internship opportunities.

Many of these same services directly benefit the employer, both those downsizing and those hiring. In response to employers' requests, services have been offered at the employer site.

Also, under the NOVA PIC umbrella, other employer services are available. At this time these services include workforce retraining projects to avoid layoffs and improve a company's competitiveness, small business development assistance, employer-oriented training for compliance with the Americans With Disabilities Act, the development of a technology transfer center to assist defense conversion efforts, partnering with companies in proposals being considered for Technology Reinvestment Projects, the development of new curricula at the community college for emerging technologies, local labor market information assessing 25 occupations a year, the development of a computerized network of training opportunities throughout the region for adult learners, and working with the consortium cities to improve the permitting process and support systems for their employer customers.

This year NOVA will serve approximately 6,000 dislocated workers, up from the approximately 1,000 participants served in 1988. Total-funding for these services is approximately $6,000,000, with a foundation being provided by the State of California through EDWAA 40% Set Aside funds, and large discretionary grants from Secretary of Labor, the Defense Conversion Act, California Employment Training Panel and the Wagner-Peyser Act. NOVA's Title III EDWAA allocation for FY 93/94 is $212,000.

I have taken the liberty of sharing this background of NOVA before presenting the recommendations to the Subcommittee because I believe that it is important to highlight that the employment training needs and opportunities of dislocated workers and companies within our SDA/SSA are different than most other regions in the country. In testimony to the strength of local control and region's local solutions, the NOVA Private Industry Council and consortium cities have recognized our unique opportunities and customized an employment training system targeted to both the job seeker and the employer.

It is also important to note that the State of California and the Secretary of Labor have invested significant amounts of discretionary funds in NOVA. Without this investment NOVA would likely not exist. However, given the limited amount of resources available, directing these funds to our area has been at the cost of developing additional capacity at other SDAs. While the NOVA PIC has been able to demonstrate a significant return on these investments, other SDAs have not had this opportunity.

The programs and services offered under the NOVA umbrella are constantly changing. Three years ago, the majority of our dislocated workers were individuals from the floors of closing electronic manufacturing plants. Most were very limited in their skill sets and English language ability. Today, with the reduction in defense appropriations, the closure of a naval air station and the "flattening" of larger companies, the dislocated worker represents a much wider spectrum of the labor force: defense contract engineers, mid-level managers, heavy equipment manufacturing operations and semiconductor fabrication. While our programs have been modified, what has remained constant is our pursuit of how to best address the changing needs of our customers: the job seeker and the employer.

From the perspective of an SDA/SSA, I have learned the following lessons during the evolution of NOVA's service system for dislocated workers:

The Value of the Private Industry Council
When our local companies put their name behind the NOVA effort by joining the PIC, they brought a credibility with the business community. They also brought a strong business orientation that had a bottom line, a clear vision of mission and customer, and an orientation toward measuring and producing results. The NOVA PIC has also earned the reputation of creating a level playing field where the varying interests of service providers, entities with geographic designations, and employment training demands that far outstrip resources are able to be considered on the basis of where is the best opportunity for investment and where can we produce the best benefit.

Value of Statewide Discretionary Funding
NOVA may be the best example nationwide of the inequity of funding allocations that are based on factors other then the percentage of incidence in the overall population. Not only is worker dislocation not directly factored into the Title III allocation equation, also absent is the fact that Title III services are often delivered at the employer site which may be in a different SDA than where the dislocated worker resides. These inequities can best be ameliorated by empowering states with the option to dedicate supplemental funding to SDAs/SSAs when and where higher volumes of worker dislocation are occurring.

PICs Currently Operating Systems Should Receive the Benefit of Additional Investments
In California, the policy has been to increase the service delivery system capacity at the SDA level. There are many outstanding examples throughout the state of customized employment training services to divergent populations of dislocated workers. Those private industry councils that have answered the call should receive an increased investment. Those who haven't pursued this direction should be given the opportunity. Those SDAs/SSAs that do not wish to actively pursue this agenda and those that fail to produce the results should hand over the responsibility to a different local entity that has the ability to get the job done.

SDAs Currently Share "Best Practices" and the System is Improving
NOVA has directly received the benefit of the variety of different approaches to worker dislocation by different SDAs/SSAs throughout the state. While some of our programs and services have chartered new paths, much of what we do in day-to-day operations has been learned from other

PICs. A good system builds upon this cooperation, does not make unreasonable demands on the parties and puts sufficient resources on the table to fund the effort.

This year over 200 individuals will visit NOVA's services from other SDAs. In return NOVA staff will do site visits to learn best practices at approximately ten SDAs. This spirit of cooperation means that the employment training dollars are not only going to train an individual for a short period of time, but also to develop the capacity of the system to produce a larger return.

The NOVA Umbrella Covers Many Contributors

Our success has been, and is, completely dependent on our ability to forge countless partnerships. We are a collage of partners involving participants, staff, service providers, consortium cities, businesses, private industry council, labor, support service agencies, and the state and federal government. Partnerships need to built upon trust that all will do what they can to produce the desired results. Our procurement, monitoring and evaluation systems should promote this trust and, only when performance is not acceptable, should more restrictive measures be employed.

Following are my comments and thoughts regarding the specific issues that you have identified:

1. Basic Ingredients for Successful Dislocated Worker Programs:

    - The capacity to respond to a dislocated worker and/or an employer needs should be developed at the local level. Appropriate funding should be readily available from the State for emerging needs, and from the federal government when the State does not have sufficient capacity to respond to local requests.

    - The program should facilitate access to a variety of employment training resources from the multiple funding sources under the umbrella of one system. JTPA, DCA, TAA, and the Clean Air Act should all require common enrollment, accounting and reporting requirements. States and local communities should be actively encouraged to participate in this effort. What should not be permitted is the current situation under DCA where entities other than the local employment training system can access funds and set up parallel, duplicative efforts targeted to produce the same results.

    - The programs, services, funding mechanisms and reporting requirements need to be result-oriented and customer-driven, both to the dislocated worker and the employer utilizing the services. Local programs should not be "micro-managed."

    - Integrated programs and services need to accessible to both the worker and the employer as soon as possible after determination of a workforce reduction. Depending upon the location and the circumstance, this might mean a one-stop center, an electronic network or a traveling case manager.

2. Recommendations for Legislative Changes to JTPA Title III

    - Responsibility and accountability need to go hand-in-hand. The federal government should define the results it wants to accomplish and allow the service delivery system to design and implement the strategies to produce those results. Ideally, there should be no cost categories; at a minimum only administration and services/training/other. Local delivery systems and service providers should be evaluated on outcomes and payments and/or renewed allocations should be directly linked to this performance.

    - The eligibility criteria for dislocated workers should be widely expanded. Currently, much of the fragmentation of services to dislocated workers occurs more because funds are highly targeted and programs are significantly underfunded.

- Permit multi-year funding for special projects, demonstration sites and extended employer layoff.

- Allow for more active participation at the DOL review level for applications under such funding sources as Secretary's JTPA Discretionary Funds and DCA. Currently during the review process applications need to basically "stand on their own" and our experience is that there is little opportunity for additional input or clarification. Also, there should be an appeal process (not currently allowed in the case of DCA) and the opportunity to modify an existing grant for additional resources when a particular project has had an increase in worker displacement.

- New resources should be set aside immediately to fund 15 or 20 demonstration projects across the nation. These projects would meet regularly with Department of Labor staff to identify opportunities to improve the systems and the outcomes.

- Legislation should be built on developing trust and partnership, defining the results to be produced and empowering the delivery system to develop customized strategies. The central theme of the legislation should be how do we build a system for success, that encourages risk and innovation, not how do we avoid the small percentage of abuse that occurs.

- The paperwork process should be simplified to be more universal across funding sources.

3. Recommendations for Changes in Federal, State and Local Roles in Any New Dislocation Worker Program Design

   - Worker training efforts at the federal level should be coordinated primarily through the Department of Labor. The service delivery system for these resources should be through a public/private partnership with local control, flexibility and accountability. Existing private industry councils that already provide this function should continue with the designation with appropriate funding to perform the desired outcomes. Private industry councils that have not yet had the opportunity to develop this capacity should be given the opportunity and if they successfully perform, they should receive a continued designation and funding. In those SDAs where private industry councils have not developed appropriate service delivery systems for dislocated workers or for those that do not intend to, an alternate service delivery system should be developed under the stewardship of the State.

4. The Types of Linkages Necessary to Federal Job Creation Efforts (e.g., highways, environmental & energy clean-up, etc.) for Individuals After they Receive Training

   - The linkages necessary to federal job creation efforts must be inherent in the legislation that creates the jobs. Once the specific jobs have been identified (i.e., highway, environmental energy clean-up, etc.), retraining efforts should be directly related to the jobs being produced. Upon completion of participation in job creation efforts additional outplacement services could be an option through the Title III system.

5. The Design of Effective Rapid Response Efforts

   - Rapid Response needs to be just that: rapid. Empowering local service delivery system to act as agents for the State provides this capacity as well as improving the employer services offered under the local employer training umbrella.

- Greater flexibility needs to be allowed at the local level to provide rapid response services to those downsizing activites that affect less than 50 individuals.
- Those who provide rapid response efforts should be accountable for timely response and for making the employer aware of additional services, resources and best practices that might be of assistance in managing workforce transition.
- The system should allow for minimal, employer-based workshops as part of rapid response. This activity would not require enrollment paperwork, but participants should be counted and workshop evaluations submitted by participants.

6. The Examples that Exist Regarding the Successful Conversion of Plants to Producing New Products and Retraining Existing Workers

During the past three years NOVA has worked with FMC to develop an extensive retraining program for the majority of its workforce. FMC manufactures military transport vehicles, including the Bradley fighting vehicle. As early as 1990 it recognized that orders for these vehicles were diminishing and that its workforce would be reduced from over 4,000 to approximately 1,800 individuals by the end of 1993.

This created several problems: individuals doing singular tasks needed to be trained in other aspects of production so that a more limited number of vehicles could still be produced; the production management process had to be flattened; the production methodology needed to be changed to enable FMC to be competitive for new marketplaces; and, given the unique machining environment at FMC which primarily use aluminum, comparable jobs were not available for the workers who would be displaced.

In partnership with NOVA, FMC developed a comprehensive retraining strategy that included committing $12,000,000 of company funds to this effort, securing $2,000,000 from the State of California Employment Training Panel fund for aspects of the retraining effort, and utilizing NOVA Defense Conversion Act funds to develop an on-site career transition center for individuals being displaced.

This effort is now completed. The FMC facility is fully operative with a reduced workforce. Individuals who went through ETP training were less likely to need JTPA resources to secure new employment. DCA resources were only targeted to those individuals needing additional retraining and assistance in their reemployment effort.

7. The Key/Common Elements to Those Successes

The success of NOVA's efforts that are targeted to the employer are centered on trust. The relationships that have evolved have occurred because we were there when the employer needed us, we are there now and the employer believes we will be there tomorrow. We have been able to demonstrate tremendous flexibility in adjusting our systems to accommodate the employer's needs. We have also actively pursued additional resources when JTPA dollars have not been sufficient.

When employers evaluate our services the words most often used are professional, accountable, knowledgeable, dedicated and available.

8. How States and Localities are Linking their Retraining Efforts to Industrial and Regional Economic Development and Emerging Technology

NOVA has been central to assisting our local community in regional economic development efforts.

First and foremost, our cities consider the retraining efforts of NOVA and our employer orientation as being one of their primary economic development tools.

Each city uses these tools in different fashions. For the last three years, I have worked with one city as the head of its Economic Development Task Force which is internal to the city, representing various department heads and key functions. The purpose of this task force has been to explore ways in which city systems can be altered to better accommodate the business customer. Findings have been shared with other SDAs to assist with their efforts.

NOVA has been very active in participating in partnerships with local defense and technology companies to develop new enterprises. This has included working on four Technology Reinvestment Proposals, the development of business incubators for new business start-ups by dislocated workers, active support for the development of a NASA Technology Commercialization Center, leadership in creating and operating a small business assistance development center serving the region, and promoting entrepreneurial business start-ups through NOVA's ProMatch program.

Recent efforts to promote emerging technology have involved identifying biotechnology as a growing industry, performing labor market research on job opportunities, working with the community college and the employer community to redefine a curriculum appropriate for training of technical staff in this field, and working with city departments to improve the permitting process to better understand and respond to the facility needs of these companies.

I applaud your efforts to travel out to our community to encourage our comments on how to improve our employment training system. With one out of every four unemployed Americans living in California, your efforts are most timely.

While it is very apparent to the NOVA Private Industry Council that the major change that needs to occur in the Federal dislocated worker program is the commitment of additonal resources, there are numerous other ways that the program can be improved including the suggestions I have made.

Thank you for the opportunity to share my thoughts and experiences with you.

Chairman **Williams**. Thank you.

The next witness is Mr. Thomas Nagle who is Director of the California Employment Development Department.

Thanks for being with us.

STATEMENT OF THOMAS P. NAGLE, DIRECTOR, CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT

Mr. **Nagle**. Thank you, sir.

In the interest of time, I have submitted written testimony that goes into these issues in considerable detail and, also, in the interest of not repeating what some of the other members have said, I would like to edit my testimony.

First of all, in terms of basic ingredients as far as successful dislocated worker programs, I would simply like to iterate that it requires early intervention so that, prior to the commencement of the actual termination, the services are provided. That they should include program information to begin in cooperation with local labor and management activities.

In addition, we need rapid response, that services at an employer's site provide worker information on programs and services available to them. All too often, the services are complicated and, as Mr. Curran mentioned, it should not be a contest on the part of the displaced worker to learn the acronyms, to learn of these programs.

Job search techniques and job search assistance should be provided to those who have jobs available.

Retraining activity should be available to give the workers a selection of viable retraining opportunities. Workers should have an assessment prior to retraining and training should be provided in demand occupations.

When necessary, there should be income support specifically available for those who are in long-term training activities. And I can't stress enough about the partnerships and coordination.

The successful programs that we are aware of have a high degree of ongoing, local-level coordination.

On the national level, in terms of distribution of the dollars, we strongly recommend that special funds, such as the Defense Conversion funds, be allocated from a formula to States based on the measurement of the actual job loss. We feel that undue stress is placed on the system in terms of attempting to compete at the national level for these dollars.

In terms of recommendations for changes, we would recommend focus on coordination and cooperation among service providers and that States should have the right and latitude to select administrative options that best fit their needs.

We basically need single programs that service dislocated workers regardless of the cost of their dislocation. We need consistent criteria for eligibility. We need clear expectations of goals to be obtained with respect to our Nation's criteria.

We need maximum flexibility with regard to the process that services deliver and we need adequate, feasible, accessible, and equitably allocated resources to provide the needed services.

In a broader sense, before we deal with structural reform that comes with the nuances of particular programs, but these at the national level of discussion are the conceptual reform to make people move to economic self-sufficiency.

We need integration of Federal programs at the Federal level. We need linkages to economic development. We have to have an emphasis on company services rather than organizations for political or for their organizational survival.

While we talk about Defense Conversion and displaced workers, we need not forget—or we should not forget—the vast number of people who are structuring the program. And, if we are dealing with limited resources, we would feel very uncomfortable with moving those limited resources to those that require retraining skills at the expense to those that are not—economic reasons.

Basically, the one thing that concerns us about the discussion at the national level from the administration is the section that the introduction of competition is, in and of itself, something that will reform the system. In any introduction of any new organization into the training system without dealing with the basic reasons why the system presently does not work is basically very shortsighted.

We would suggest that more emphasis be stressed on the reform of the existing delivery system and strengthening the models rather than reproduction of a new system of delivery.

Thanks.

[The prepared statement of Mr. Nagle follows:]

TESTIMONY OF CALIFORNIA'S
EMPLOYMENT DEVELOPMENT DEPARTMENT

OVERSIGHT HEARING ON DISLOCATED WORKERS

COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEE ON LABOR MANAGEMENT RELATIONS

September 20, 1993

Thomas P. Nagle, Director

In California the Employment Development Department (EDD) is responsible for administering the Job Service (JS), including special services for veterans and disabled veterans; Unemployment Insurance (UI); and Disability Insurance (DI) programs. The EDD is also the Governor's designee for oversight of the Job Training Partnership Act (JTPA). Within our administration of JTPA, EDD operates a Displaced Worker Unit through which JTPA Title III programs are administered.

I would like to express my appreciation for the opportunity to present recommendations to improve current programs which serve dislocated workers. We support the federal efforts to create a strong dislocated worker program that addresses the needs of all dislocated workers, regardless of the cause of their dislocation.

During the past four years, California has experienced a high number of plant closures and substantial layoffs which have resulted in a continued high unemployment rate. Defense downsizing is creating especially significant job loss in California. California has received approximately 19 percent of the nation's defense contracts in the past, accounting for over eight percent of the State's economy. Reductions in prime defense industry contracts have resulted in the loss of approximately 180,000 California jobs from 1988 to date. Through the first three rounds of military base closures, California faces the loss of over 82,000 civilian and military jobs, 69 percent of the nation's total job loss resulting from these closures.

Another contributing factor to the high number of dislocated workers in California, is environmental issues. Most of the jobs lost due to environmental issues are confined to Northern California. The timber industry provides the bulk of the economic activity and jobs in selected counties in that part of California and there is little industrial diversity to provide alternative employment. Workers dislocated because of downsizing in the timber industry have limited opportunity to obtain comparable work unless they are willing to relocate and be retrained.

My testimony will follow the general outline supplied by Representative Williams in his letter of September 10, 1993. However, I have placed more emphasis on re-employment services to dislocated workers than on conversion efforts of private defense contractors, since this is the area in which my department is most directly involved.

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1. BASIC INGREDIENTS FOR A SUCCESSFUL DISLOCATED WORKERS PROGRAM

In general, we have found that the following basic elements are necessary ingredients in successful dislocated worker programs:

> Early intervention. If early intervention begins prior to the commencement of actual termination it is a key element to the success of dislocated worker programs. Early intervention includes developing services in conjunction with representatives from both labor and management. Services should include information on available programs such as JTPA, Job Service, UI, labor market information, educational opportunities, and programs operated by local community based-organizations. Early intervention may include developing assistance for workers to deal with stress and financial problems.
>
> Rapid response: Group orientations at the employer's site provides workers with information about services available to them and how they can take advantage of them. Typically, this includes joint presentations by staff of various State and local offices such as the Job Service, job training, social services, mental health, educational agencies and local community services groups. If the workers have a collective bargaining unit, representatives should be present at the orientation sessions.

Job search techniques and job search assistance: Services provided for workers who are job ready should be available as soon as possible. This would include services provided through Job Service programs which includes job development, job search techniques, resume writing and development of interviewing skills.

Retraining: Where possible, a selection of viable retraining opportunities should be developed with the dislocated worker. This should be done through an assessment process. Dislocated workers should be guided and assisted in selecting the most viable training alternative. Training must be coordinated with local area labor market needs to assure that training is provided in demand jobs.

Income support: Should be available for those who are in long term training. Support might include part time employment, UI, student aid, or Economic Dislocation and Worker Adjustment Assistance (EDWAA) needs related payments. Information and referral should also be provided to community service agencies that can assist in providing dislocated workers services at nominal or no cost to the JTPA program.

Partnerships and coordination: Effective programs involve a high degree of ongoing local-level coordination and linkage among the JTPA SDA/PIC, Job Service office, the employer

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community, education and training institutions, and other human services agencies. Program quality and job placement outcomes are measurably improved when key parties work together to design and implement programs and services specific to the needs of the affected workers and area job market.

2. RECOMMENDATIONS FOR LEGISLATIVE CHANGES TO JTPA TITLE III

Funding Mechanism

Current dislocated worker programs are under funded. Mechanisms to augment services through the use of special funds such as the National Reserve, Defense Conversion Adjustment, Defense Diversification Program, or Clean Air Act are cumbersome. Subsequently, we fail to meet the needs of many dislocated workers.

As you are aware, JTPA Title III funding is provided in a combination of funds directly allocated to the states and funds held in reserve to address special dislocation events. In the past two years, California has fully obligated its Title III fund allocation within two months of the beginning of a program year. To augment Title III funds, we must prepare detailed and complex grant applications.

Often, available funding will not meet the needs of dislocated workers in a given community. For example, if we attempt to obtain funds for services for individuals directly affected by a military base closure which is announced well in advance and has an identifiable target group, then the development of a grant application can be completed because the event fits the model. It is much harder to address layoffs from other causes such as subcontractors dependent on bases in discretionary grant applications. Establishing Labor/Management Councils, surveying affected workers, and providing outreach prior to dislocation are difficult when layoffs are widespread throughout an industry.

RECOMMENDATIONS

We recommend that special funds, such as defense conversion funds, be formula allocated to the states based on measures of actual job loss. These special formula allocated funds could be directed where needed, and accessed by substate areas with greater flexibility.

or,

Simplify the application process for National Reserve Funds and make the process less industry or base specific in order that a broader spectrum of dislocated workers could be served with these funds.

Restrictions on skill enhancement training

Currently, regulations do not allow for the upgrade of skills in a participant's current occupation to increase their competitiveness for jobs. Many dislocated workers have years of experience and training in their current occupation. Enhancement of these skills, could make the worker more competitive for jobs in their current or a closely related occupation. Allowing this type of training, could reduce the need for some dislocated workers to be retrained in a totally new occupation.

RECOMMENDATION

We recommend allowing skill enhancement training for dislocated workers as opposed to requiring retraining.

Restrictions on upgrade training

With the exception of the Defense Diversification Program (DDP), states are not allowed to use funds to retrain an employer's current workforce in new skills as an alternative to layoff. Many small employers do not have the resources to retrain their employees. These small employers cover a wide range of industries, and are difficult to target in a DDP application. As a result, small employers are precluded from upgrading the skills of their current workers to meet the demands of new occupations.

RECOMMENDATION

We recommend allowing upgrade training for all Title III funded programs. To alleviate concerns that employed workers would compete with the unemployed for program funds, the use of funds for upgrade training could be limited to a specific amount or percentage.

Cost Limitations

Current cost limitations restrict the use of funds for activities that are needed to improve program performance.

Longer term training programs are being encouraged to provide workers competitive skills to enable them to better obtain complete replacement of their prior wage. To enable longer term training, supportive services and needs-related payments are encouraged to support participants while in training. However, current regulations continue to limit support cost to no more than 25 percent of Title III funds.

For many skilled workers, their greatest need might be in identifying how their skills can be transferred to new occupations as opposed to entering a retraining program. For some workers, the cost of retraining might be covered by fund sources other than Title III. However, current regulations still require 50 percent of the total grant amount of a Title III project to be spent in the retraining cost category.

RECOMMENDATION

We recommend that cost limitations be made more flexible to allow the type of activity needed to assist the worker become re-employed in an occupation for which they are qualified and would provide them economic stability.

3. RECOMMENDATIONS FOR CHANGES IN THE FEDERAL, STATE, AND LOCAL ROLES IN ANY NEW DISLOCATED WORKER PROGRAM DESIGN

The focus of employment and training program reform is presently on the Clinton Administration's "workforce investment strategy" which consists of three elements: comprehensive dislocated worker adjustment services, a one-stop career center system, and a national labor market information system. The U.S. Department of Labor (DOL) last week requested comments on a draft legislative framework for the Administration's proposed strategy.

This strategy envisions a comprehensive program of dislocated worker services that must be delivered through a network of either One-Stop Career Centers or through Worker Adjustment Career Centers (WACCs) by 1995. In general, California supports the need for a high-quality, customer-driven system with a foundation of clear goals and outcome-based measures of success. Governance roles described in this initiative do not fit the needs of all the states. For example, we believe that states should have discretion in designing and implementing programs within their own environment, needs, and existing programmatic relationships. Specifically, whether or not worker adjustment "centers" are the appropriate service delivery method should be an option reserved for the states to decide.

The initiative put forth by the administration describes a method of selecting program operators through a competitive process. It would be more beneficial to develop a sense of collaboration among possible program operators. Coordination of services to dislocated workers and other client groups through voluntary arrangements among various State and local employment and training entities has been a major focus in California. A number of innovative and successful partnerships between EDD's Job Service program, local JTPA SDA/PICs, community colleges and other entities attest to the fact that programs can combine efforts in ways which benefit the clients and the community-at-large.

The state should have the latitude to select the administrative option which best fits that state's circumstances. Having a state-level administrative entity also provides an opportunity to set broad statewide priorities and to address special circumstances. In respect to local program oversight, responsibilities are currently shared by DOL and the State. The DOL proposal does not clearly define the roles and responsibilities between the state, DOL and the local partnerships. To clearly define the roles, the responsibilities should follow the flow of funds.

We believe that the role of the federal government should be to describe the basic components and desired outcomes of services, but not the methods that the state and local administrative entities must use to achieve them. We would prefer that the new DOL dislocated worker proposal look more like the recently introduced federal School-to-Work Opportunities Act in which state and local roles and relationships are cooperatively worked out between all parties.

4. THE TYPES OF LINKAGES NECESSARY TO FEDERAL JOB CREATION EFFORTS FOR INDIVIDUALS AFTER THEY RECEIVE TRAINING

We strongly support the concept of linking economic development and job creation with employment and training programs. The ability to link training programs to the creation of high quality jobs will obviously increase the success rate of the training program. Often this link is missing. For example, this link is missing from the Technology Reinvestment Projects (TRP), contracts to do environmental remediation on military bases, or transportation projects. There is currently no incentive to hire dislocated workers in jobs created by these programs.

5. THE DESIGN OF EFFECTIVE RAPID RESPONSE EFFORTS

The key element to an effective rapid response system is early intervention beginning prior to the commencement of actual termination. This may be provided on site or at a single location before workers disperse after the layoff. Services should be developed with the advice of a committee comprised of labor and management representatives. The services should include information on available JTPA activities and other training programs; information about Job Service, UI and the local labor market, programs offered at community colleges and other local educational institutions. The services should also include general workshops on crisis and stress management and personal financial management.

The "California State Plan for Employment and Training Assistance for Dislocated Workers" outlines the general statewide strategy for responding to plant closures and mass layoffs, including the low-skill low-wage worker. This plan emphasizes a team approach, providing for State leadership in conjunction with local-level flexibility and resource coordination. The State Dislocated Worker Services Section (DWSS) within the EDD is responsible for coordination of State assistance activities. The DWSS oversees dislocated worker assistance efforts with special attention to those having area-wide or industry-wide effects.

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California provides rapid response services through subgrants with SDAs acting as agents of the State. They are more aware of the local resources and organizations that can provide assistance to displaced workers.

At the local level, SDAs and PICs coordinate available resources to deal with the problems in ways that best address local needs. SDAs, local EDD Job Service offices, and other local employment and training entities, work as a team with labor and employers, to deliver needed employment and training services to dislocated workers in a timely and coordinated fashion.

Upon receipt of a WARN letter, the SDA representative, with assistance from the employer will develop a specific program to meet the needs of the employees. These programs will be developed to meet the diverse needs of the displaced workers. Typically, these include individual counseling about benefits, and retraining options. Employees also receive information about job openings, support services for small business start-ups, job clubs, and other job search mechanisms.

A quality program will most often be the result when a high degree of coordination exists between the local SDA, the local EDD Job Service office, the local employer and any local labor organizations.

6. EXAMPLES OF SUCCESSFUL CONVERSION OF PLANTS TO PRODUCING NEW PRODUCTS AND RETRAINING OF EXISTING WORKERS

I will describe some systems and structures that California has in place to facilitate successful conversion.

On March 4, 1993, Governor Wilson signed an Executive Order establishing the "California Council on Defense Industry Conversion and Technology Assessment. The Council composed of major state organizations and institutions of higher education, is under the lead of the Trade and Commerce Agency. The Council is charged with developing recommendations for a unified, proactive strategy for assisting workers, communities and industries affected by defense downsizing and the creation of new jobs through effective technology transfer.

The Council identified $65 million in State and federal funds, including JTPA Title III, that could be used as match requirements for Technology Reinvestment Projects (TRP). As a result of California's marketing of TRP, California led all other states in the number of TRP proposals submitted. If we are successful in attracting TRP funds, these funds can be used as a key element in conversion and job creation.

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Similarly, with military base closures, we see effective reuse of military facilities focusing on the creation of high quality jobs to make up for jobs lost. This will be a key element in economic development efforts for communities experiencing base closures. Governor Wilson has established a "Military Base Reuse Task Force" that is currently holding hearings to identify and overcome obstacles to effective and prompt redevelopment of these closed facilities.

California has also established "Team California" which is a network of several State agencies and economic and business groups. This team collaborates on major projects to provide businesses assistance in California.

"Project California" is a major initiative of California's Council on Science and Technology and is charged with identifying emerging industries that we feel we are in a position to develop in California. Project California works to identify the skills needed by employees to work in the industry and develops plans to provide those skills.

Until the recently released regulations for the Defense Diversification Program, retraining of current workers to accommodate conversion efforts has not occurred. This was not an allowable activity under JTPA Title III. California's Employment Training Panel (ETP) provides training to workers to upgrade their skills so they can remain employed. The ETP is funded through a special employer tax. The ETP funds have been used to support worker retraining in several defense firms.

7. KEY COMMON ELEMENTS TO SUCCESSFUL CONVERSION

Employers and government agencies are relative novices in the area of converting defense related businesses. Large, publicly-held defense companies are proceeding cautiously and seeking partners that will bring expertise lacking in defense companies. Technology and design skills must be combined with marketing and competitive pricing structures for defense firms to successfully compete in commercial markets. Employers must have ready access to information and assistance to help them with conversion.

While we don't feel we are experts on successful conversion strategies, we would encourage the use of training funds to help facilitate conversion and avert layoffs where possible. We feel this is an area in which business and government should work together for our mutual benefit.

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While we don't feel we are experts on successful conversion strategies, we would encourage the use of training funds to help facilitate conversion and avert layoffs where possible. We feel this is an area in which business and government should work together for our mutual benefit.

8. HOW STATES AND LOCALITIES ARE LINKING THEIR RETRAINING EFFORTS TO INDUSTRIAL AND REGIONAL ECONOMIC DEVELOPMENT AND EMERGING TECHNOLOGY

From an economic development viewpoint, more needs to be done to link employment and training activities with efforts to retain existing jobs and create new employment opportunities. Retraining and other human resource development cannot be effective in the absence of job opportunities.

In the Clinton Administration's dislocated worker proposal, there is no mention of economic development activity. We feel this component is essential to dislocated worker adjustment programs. An effective worker adjustment strategy must do more than just respond to the current job supply/demand situation of the labor market. Rather, strategies should be in place for actively using labor market information including the skills, knowledges and abilities of the local labor force. Training resources should be seen as a means to foster job growth and retention.

In California, we have made some of our Title III funds available for retraining components of TRP proposals. We feel that if JTPA Title III funds are part of a proposal, we help the applicant meet the fund match requirements and assure that jobs created benefit dislocated workers. Title III funds in the proposal will then be used to train and hire dislocated workers. Linkages such as these

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between programs are important but often missing. Diverse requirements among different federal programs make coordination more difficult at the local level.

9. OTHER

Again, I want to thank you for the opportunity to present testimony on dislocated worker programs. If you have specific questions about dislocated worker programs in California, I will be happy to answer them for you now.

Chairman WILLIAMS. Thank you.

The final witness is Ms. Eunice Elton who is Executive Director of the San Francisco PIC.

Thanks for being with us.

You didn't need to actually move that mike every time, it was more of a test of agility to see if you can all—you failed, by the way.

STATEMENT OF EUNICE ELTON, PRESIDENT, PRIVATE INDUSTRY COUNCIL OF SAN FRANCISCO, INC.

Ms. ELTON. I would like to summarize what I have written rather than take time to talk about all of it.

But I do want to emphasize that the common basic characteristics of a successful dislocated worker program are local planning, decisionmaking, and delivery.

In some places, "local" may translate to "the governor's office," which may be true perhaps in Vermont but, in this State, with 1,000 miles along the west coast, this is not local; local is really right where we are.

The governor, when we first went into Title III in California, very wisely decided to set up the substate areas to be the same as the sub-areas under the new system. So we have found ourselves, in California, running both the programs for the structurally unemployed and the retraining here. And I think that has tremendous advantages.

One in which we frequently find ourselves, when we start talking about funding, that—are not eligible, moving to the other funding source.

One of the things we don't have in San Francisco is a typical dislocated worker set. We don't have a typical community. We don't have a manufacturer, a great big Ford plant closing down sort of thing. What we have is small dribbles of people being terminated because of the economy, because of plant closures. Maybe somebody moves the Best Foods plant to southern California and people become unemployed but, basically, we are dealing, one by one, and five by ten, with small numbers of people and small employers, some 24,000 of them in a very small community.

Our biggest exposure to the base closure, of course, has been the closing of the Presidio, which is still in process. We started out there with 400 or 500 civilians. As somebody on the outside would assume, you would assume somebody was in charge. Well, what we have discovered is, everybody is in charge, because there are multiple commands.

I don't know that we ever did establish how many different commands there are at the Presidio. There are people who are in charge of this and people in charge of that, but there are all these little things that have pieces and many of the little pieces just picked up and moved when word came that this was going to close.

We did start with 3,500 people and we thought we were going to be doing a lot of retraining. After a year, 1,600 of those people had disappeared, but only 87 have been laid off. The others had taken advantage of things like the Priority Placement Program that you mentioned, the opportunity to transfer into other Federal jobs, early retirements for a special $25,000 if you will retire, just a series of things happened and the Job Service gave a lot of people a lot of help in finding civilian jobs.

So we ended up with 87 people laid off. Twenty percent was apparently about the proportion of people you end up being involved with, even though it may be a huge termination on paper.

We've done a few things locally that will help, the creation of the Enterprise Zones is a wonderful opportunity, but it doesn't help in the result of a base closure. The community has economic problems, it created the Enterprise Zones hoping to reward employers for increasing employment. One of the good things we did is make people who are part of the JTPA program, people who will bring those rewards to employers.

We've had problems with the Title III legislation ever since it came along because it was not written as an augmentation of JTPA, it was written as something else and sort of thrown in, I suspect. But I do want to thank the committee particularly for your leadership in getting a change in the law, which has saved us a great deal of time and financial accountability.

We had a provision that said your proportions of funds you could spend were related to the total expenditure; but you don't spend all of your money for retraining the first day that somebody comes into the office, you spend a lot of time in advance and then you may not end up going into retraining at all.

So the change that you made in 1992 was very, very helpful.

One of the things that I should mention to you about the Presidio is that we've had a very interesting experience in that you go out, you talk to a group of people about what we can do for you, we can help you find jobs, we can help spend money, we can give you retraining if that is what you need, and by the time the person gets around to saying, "Oh, yeah, okay, now I'm ready," and you go through the assessment process and determine what that person is going to be retrained for, just dandy, you're out of money. And you're out of money until somehow you can get through the maze of getting Sacramento to process an application, which we have to put together because one goes to Washington and Washington has been slow.

We have a current problem with the new legislation about the provision of purchase of training from a vendor. The provisions—we can charge—these cost categories are—benefit to us but you can charge your premium cost to training, the whole ball of wax, if you pay tuition as published in the vendor's catalog, but you can't change anything and do that too. If you decided to ask the vendor also to assure job placement, you've changed the rules, you have to go back to full accounting for all the cost categories; and no private employer in his right mind will stand for that. The only people stuck with it are people like us.

If you need to add a function, you need to change a price, you can't do it and still have the advantage of being able to charge your training costs.

One of the things I'm facing right now, I've already been notified by Mr. Nagle's office that, as of the middle of September, all of our Title III—what they call 40-percent money—has been committed. So, from now on, the rest of this year, any time that we have to go in, because we get some kind of a layoff, for funds to do something or other, that has to go in to Sacramento where it gets reviewed and eventually approved and then it goes back to Washington and eventually, maybe, some money comes out of Washington.

Again, it's too slow. Dr. Dickinson has spoken about getting an early start on these people when they first get word they are going to be terminated, you can get an early start but you don't have any money to do it with, to spend our time or to provide the training for those who would like to get an early start.

I would like to see the legislation not only deemphasize the Federal role, but also the State role. I realize I'm sitting next to Mr. Nagle here; we've been friends for the last 20 years so I guess he'll let me say it anyway.

The Federal legislation provides that rapid response is one of those things that's done at the State level. I hope your legislation will permit delegation of that responsibility at some level much closer to the people than the State level. Again, it's a matter of this is a very large State.

It is very hard to understand the mechanics of what's happening in the timber industry if you are raising crops in the San Joaquin Valley. We just think a different way in different parts of the State. And there are parts of the State you simply cannot get to during the winter. If you have to get from Sacramento to Bishop in the winter, good luck.

We would like very much to see all of the cost category reporting go because we think it's much more important to do the job we're there to do than to sit around accounting for, did I spend 15 percent or 20 percent of my time this day on such and such an activity? But, if we have to have cost categories, we would urge you to have the same cost categories under both the basic Title II program and the retraining Title III program.

I am sure people will say, "But, you know you are not guaranteeing that you people under JTPA business will be doing the retraining"; and that's true. I mean, Congress can cut it off and hand it to somebody else. But, even so, the training institutions are the same training institutions and they should not have to cope with two different sets of laws when these people who get laid off look just like the people who already were unemployed.

I am thoroughly confused by two provisions that I see in the documents now being distributed. One is the Workforce Investment Board, which in many ways would be the same kind of activities that the Private Industry Council is currently engaged in. I'm not sure, again, why there must be two.

Even if there are two administering entities, it is going to be extremely confusing to the employer community to know whether I will talk to the man from PG&E today or I go talk to the man from Bank of America tomorrow because they are on different boards or councils. And it seems like a new level of what I could call bureaucratese or bureaucratic nonsense.

I'm also having difficulty with the concept of the one-stop centers and the worker adjustment centers. As I look at the material, there are different—different levels of responsibility and function assigned to those two and each is apparently something that can be committed locally, bid for locally so that you could have Hughes

Aircraft running a worker adjustment center in one community while you have some other group, maybe a community college, running a one-stop center 25 miles away. This, to the outside public, is just utter—maybe nonsense—but utterly confusing.

If the separation is really so artificial, I have trouble reading it and figuring out what this is that has been proposed. I think the whole area needs to be re-thought as to whether there should be two kinds of centers or one kind of center. I would like to see somebody start out by saying, "What kind of a center is really needed? What kind of functions? Who should be part of it? And are we willing to pay the bill to do the job that needs to be done?"

I think that is a highly questionable—we have never yet paid the bill for more than 5 percent of the people who are structurally unemployed; I doubt very much if we will be able to get a commitment for enough money to run the one-stop centers. And then, to put it up for rebid and competition every four years pretty well guarantees that you won't have experienced workforce.

There is much too much specificity. There is even a provision that the Secretary shall recapture funds annually. I thought we had just gotten over that one—back in, recaptured funds annually.

We really would like to see the displaced worker program committed to local decisionmaking—and I mean local, despite my friend Mr. Nagle—operated in conjunction with Titles II and IV, with the Private Industry Councils as presumptive deliverers of service.

I would like to read a quote from one of my coworkers who said: "But the only ones who understand the local are the local elected officials and the local business and education leaders who live and work there. All the Federal initiatives in the world will not work if the local folks are not allowed to design and operate the product. If people don't like JTPA, then fine, change the name, spell out the desired results, save those parts of the current system that do work, turn it over to local leadership, and get out of the way."

There are a couple of things I would just like to add to respond some to what I've been hearing.

Mr. Williams, you spoke about the need for this economic development effort to be tied in closely. And we certainly believe that this is the case. We are a little appalled—again back to those cost categories—to see that we are no longer permitted to charge time to what they call "employment-generating activities," which, translated the other way, is economic development.

Dr. Corrigan spoke about the Career/Pro program and we've met with some of his staff on this and hope to see it move forward. At the same time, there is sort of a similar parallel effort going out of the Livermore Lab. And we have met with those people and would be glad to see them go forward. The thing that is particularly interesting to me is that there are four Federal agencies involved in that solicitation, none of which is the Department of Labor.

Dr. Dickinson spoke about the need for joint efforts. And I had occasion recently, when a number of us service-delivery area types who are with defense closures got together to suggest that somebody might find a way to do one application for funds for those East Bay areas and Treasure Island rather than each of us making a separate application for funds. I was shot down right on the spot, "This doesn't fit the system." Again, that is part of what's wrong with the system.

A very interesting process, getting an early start is just great but it is extremely hard to get them to start because first they deny that it's ever going to happen, and this seems to be the standard reaction. "It isn't going to happen to me, they wouldn't let this happen to me." And then there is the period of being furious, which isn't very productive. And, after you get past all that, then they start beginning to think about, "Well, what am I going to do when I have to pay the mortgage?" So getting a start is very difficult.

We were happy on the defense establishment to see they recently changed the rules so that we can start serving people the minute the announcement hits the press. I think that it was a very constructive change. Originally, we had to be within six months of a layoff and we didn't always know who was going to be laid off when.

And finally, I think probably—since I shouldn't talk forever—I should join Mr. Nagle and his concern about the structurally unemployed. They are very numerous in our community. This is a community of some 750,000 people, depending on which figures you use. Of those, 12,000 to 13,000 families on Aid to Families with Dependent Children, which means an unemployed person somewhere close to those families.

There are another 12,000 or 13,000 people receiving general assistance, perhaps maybe 25 percent of those people are employable, but 25 percent of 12,000 people is a lot of people. So I don't want to see us throwing out the funds for the structurally unemployed in order to cope with the problems of the retraining candidates who are better qualified.

Thank you for letting me ramble on; but it was fun.

[The prepared statement of Ms. Elton follows:]

Statement of Eunice Elton, President, Private Industry Council of San Francisco, Inc.

The essential, common basic characteristics of a successful dislocated worker program are local planning, decisionmaking, and delivery. The participants at all levels must vary with the local situation. While "local" may translate to "the Governor's Office" in Vermont, it does not in a State that is 1,000 miles long, has differing local economies and political organizations, has cities at sea level and at 6,000 feet elevations, and enjoys widely varying climates.

The Governor, when Title III first came along very wisely determined that the substate areas in this State would be congruent with the service delivery areas under the Job Training Partnership Act. This has given us flexibility in serving people, using either funding most appropriate to serve a given individual. This, in a sense, was the start of the one-stop-service now being advocated by the Federal administration.

We have added to that, in San Francisco and some other localities, Assessment Centers, making a full range of counseling and career planning services available to all residents, regardless of economic or social status. In our case the Assessment Center, financed by JTPA money through the Private Industry Council, is attached to S.F. City College, since that facility handles both credit and non-credit adult education for this entire area, and is the single local institution with the greatest number of practicing professionals in assessment roles.

We have had a range of experiences with Title III (and Defense Conversion Title III-type) efforts. What we **don't** have is the "typical" manufacturing plant closure. Even though approximately 30,000 jobs are reported to have disappeared from San Francisco over the last two years, our dislocated workers come in comparatively small batches (50 to 100 is typical), with wide ranges of occupational histories. We are a community of 24,000 mostly small employers, with emphasis on health service and business service industries.

Our only big layoff experience is with the base closure of the Presidio. We started with 3,500 civilians to be terminated in about two years. We've done all the reasonable things, like holding orientation meetings with those being terminated, and providing a lot of services through a Resource Center on base. It looked like a huge operation for us. One year after the start-up, employment had dropped by 1,600, but only 87 people had been laid off. This appears to reflect a general pattern; people retire, move away, transfer to related establishments, find jobs (frequently with the help of the Job Service). Twenty percent seems the usual proportion of layoffs. Our scorecard of successes does **not** reflect what we do.

San Francisco, like many other communities, has created an Enterprise Zone, to take advantage of various State and Federal tax benefits. What we have done that is different is to create San Francisco benefits as well, and writing in Title III participants as persons whose hiring brings those benefits to the employer. If the Federal Empowerment Zones are finally created, there should be a similar priority for people being trained with Federal funds, whether JTPA, refugee, or any other of the 63 presently relatively uncoordinated training programs.

The present Title III legislation gives us some of our worst problems, and changes are needed. But first I want to thank you for a recent change in the law. No longer is the amount of money which can be spent on any category of costs determined as a percent of the total Title III expenditures in that program year. The 1992 change to "percent of available funds" makes Title III accounting equivalent, at least to that limited extent, to Title II accounting, and is getting us off the brink of catastrophe.

1. We have problems related to the purchase of training from a "vendor"; to charge those tuition costs to the retraining category, we cannot modify what the vendor has published as price and curriculum. We need to be able to **add** both function and related money in contract negotiations. An example is the need to reward the trainer for job placement; another would be the ability to accept an offer of a reduced price. To be stuck with a commitment only to "offer job search assistance," which is what is usually in the published brochure, isn't good enough. But to require a detailed budget, and detailed reporting by cost categories of a for-profit training institution is just too unrealistic.

2. We need more flexible criteria for eligibility. While we believe the administration's proposal is for broad eligibility, we fear that congressional action may again tie this down as the present specificity does.

3. We would like to see the legislation deemphasize the State role. The processing of requests for funding is too slow. While it may be argued that this is an administrative problem, not the result of legislation, it really is both.

A part of the proposal being discussed is for "one-stop-service," along with customer satisfaction. We have always tried for the latter. We believe in the concept of one-stop-service, and there have been some small beginnings. But for the one-stop-service, the components being suggested are only a fraction of the list of those who **should** be involved. The Director of the Employment Development Department, Thomas Nagle, has pointed out clearly that there are 23 employment and training entities in this State. In the proposed lists, where is the Veterans' Employment Service (a Department of Labor activity)? where is the Veterans Administration? where are those refugee training services? the agencies training the developmentally disabled? and so on.

We have been notified that California's "40 percent Title III money" for the full 12 months of this year is as of mid-September, all committed, and that any proposal we submit to Sacramento for retraining money will be reviewed and processed there, and will be sent on to Washington for consideration from the Secretary's reserve. Our experience with that is "slow." We would like to see the Secretary allocate to California additional funds, recognizing California's special present economic circumstances, and let the Sacramento-level of review and determination be final.

To be accessible to people would require branch operations (this is a huge State). It would also require language capabilities to meet local needs; in San Francisco we would require English, Spanish, Cantonese, Mandarin, Korean, Tagalog, Vietnamese, and Russian, at minimum.

Federal legislation at present puts rapid response at the State level, and I believe that is carried forward in the proposals. But in California that just isn't feasible. The legislation should permit assignment of that activity to the administrative entity for the substate area, by agreement with the State. You should try to get to Bishop from Sacramento in the dead of winter!

We would very much like to see the elimination of **all** cost category reporting, believing that doing the job is more important then detailed bean-counting. But if we **must** have cost categories we would like them to be the same as those in use for Titles II and IV. There will be those who respond "Title III will not necessarily be administered by the Title II grantee." But even if that becomes the case, the deliverers of services will be the same training institutions in many cases, and what they **don't** need is the present differences in both definitions and cost categories.

The proposed legislation would add a Workforce Investment Board for Title III, leaving the PIC for Titles II and IV. It appears the WIB would be prohibited from being the administering agency. But in our case our success is, in part, attributable to the fact that the PIC is the administering agency for JTPA. In our opinion this prohibition presents a new level of bureaucratic nonsense, and is an example of the micromanagement being protested by California's SDA administrators.

I am totally bewildered by the proposal that there be both one-stop-centers and Worker Adjustment Career Centers, with differing levels of services to the public. This separation is so artificial that one has trouble keeping track of the subject when reading the written material. And what good would a one-stop-center be if it offered only career exploration, without helping the individual to reach his conclusion?

Having two kinds of centers, perhaps at 25 mile intervals, will bring major confusion since our populations are very mobile. "You can get this service in Long Beach, but not in San Fernando."

This whole area needs to be re-thought. There should first be a decision: are we interested enough in one-stop-service to invest the money to make this happen? Are we interested enough to fight the turf wars to bring this about? If not, let's limit what is proposed to what we are willing to try to accomplish.

Further, opening the door to changing administrative entities every four years guarantees that there will be staff members inadequately prepared to perform these functions. And what kind of career does this provide an employee—or manager—of the Center?

There is much too much specificity as to functions of one-stop-centers or WACCs; much too much of the "workers are to be enrolled by the 13th week" sort; if that doesn't fit your community colleges' teaching schedule, what then? Specific requirements for wage supplements, too, are "too specific."

There is a threat, too, in the provision that the Secretary should recapture unspent funds annually. Workers do not necessarily become unemployed in a time frame that fits the "unspent funds in a program year" idea. Recapture needs to be tied to unobligated funds, if recapture provisions really are needed at all.

Finally, let me ask that in mandating the locally-based independent and flexible entity I've been describing, that your legislation also direct all the others who should participate to do so.

We would like very much to see the displaced worker program committed to local decisionmaking (not State), operated in conjunction with Titles II and IV with the PICs as presumptive deliverers of services. Let me quote one of my peers in the employment and training world:

> "but the only ones who understand the local level are the local elected officials and the local business and education leaders who live and work there. All the Federal initiatives in the world will not work if the local folks are not allowed to design and operate the product. If people don't like JTPA, then fine . . . change the name, spell out the desired results, save those parts of the current system that do work, turn it over to local leadership, and get out of the way."

Chairman **Williams**. Thank you.

We will go first to Mr. Miller for questions or comments.

Mr. **Miller**. Thank you very much.

This has been very helpful, and I think we would all do well to take the written testimony that you have submitted and your comments and use them as a critique for the administration's proposals to see whether or not they are advancing or walking in circles. Mr. Williams and I have been through a number of these rediscoveries of the need for job training and have become concerned whether or not we are, in fact, improving this model as we go along. I think that the examples that you have posed provide us some help.

Let me ask you something just in general to comment on some of the things you said.

Ms. Elton, my first question is on the Title III application when you stated the money is now committed and in order to reallocate it you would have to go to Mr. Nagle and Mr. Nagle would have to go to Washington. Is it not possible that we can make an assessment of what our expectations are, certainly with respect to base closures, over the next year or 18 months or whatever period of time, and make a joint application for the Bay Area?

Ms. ELTON. I would hope so. I think——

Mr. MILLER. Is that allowed, Mr. Nagle?

I mean, can a State go until we insist that they be impacted in the following way and, therefore we are now asking for these funds so we will be ready for this?

Mr. NAGLE. Well, we would still have to have some specificity. Part of the difficulty is we have base closures, we have plant closures. So there is a number of disruptions that occur during the course of the year.

It is possible to put it together but it does require a degree of specificity that normally we do not have. That is why we suggested a formula share so that, during the course of the year, we, along with the locals, could make the decisions as the situations——

Mr. MILLER. The point I'm raising is that the base closures have been announced but most of the unemployment has not yet occurred. We are starting to see schedules developed by the Navy, both with respect to Alameda and with respect to Mare Island, on what job loss rate they anticipate. You then have all your ongoing problems with closures and dislocations from various employers in the area. So the job loss from base closures is additive to your anticipated workload of a year ago.

Mr. NAGLE. Yeah.

Mr. MILLER. Why is it we cannot say, "As a result of these base closures, we think we are going to need X-percentage of additional moneys to service the Bay Area community for this purpose?"

Mr. NAGLE. That is quite possible. The issue has always been the amount of resources available both by formula share as well competitive and then the length of time it takes for the review and the approval.

But, to answer your question, it is possible and we do work with the locals in putting that——

Mr. MILLER. One of the things that has emerged with respect to the base closures is an inordinate amount of cooperation among the congressional delegation. Mr. Dellums' committee and my committee are sharing information.

I spent the other morning at Alameda looking at their proposals. Mr. Hamburg and Congresswoman Pelosi share workers with me. The representatives of the Bay Area have made a decision as a delegation that we are all in this together.

I think that will allow some new ways to coordinate this across the East Bay or across the Bay Area that maybe we haven't done in the past but that we ought to think about doing at this point. I think the delegation is fully prepared to go to the Department of Labor and say "Look, this is our best guess-estimate from our local PICs, from our job training people from the State, of the initial resources we need to have in place." This way, as people start to come out of Mare Island, Alameda, Treasure Island, and elsewhere, we can start to service them up front and not scramble for services after they give us their name and their problem.

Mr. **Nagle**. No, we would——

Mr. **Miller**. In a participatory effort.

Mr. **Nagle**. No, we would be very much in favor of that type of approach.

Historically, the Department of Labor has not been responsive to that broad a based submission. They have always wanted to be far more specific and often we are put in a position, in effect, of competing with local entities because the way it is structured now, the local entities submit them to us for our recommendation to the Federal Government and, for the most part, we have recommended everything.

Mr. **Miller**. Well, let's test this Department of Labor because we've never had a Secretary that's so deeply involved in the issues of worker training and retraining, an issue that he's written about for a series of years. But we need your input. We need the local PICs to start cooperating and sharing the information on the anticipated workload from this episode of base closures. There may be other issues but I just don't——

Mr. Curran?

Mr. **Curran**. Mr. Miller, I have been a customer of Federal assistance having done a number of Federal grants. I can give you a little reflection on what it's like from the other side of trying to match the partnerships and filling the expectations of resources being made available and how much our credibility we have in there.

We, last year, with the notification of the Naval Air Station at Moffitt Field closing, put together a grant application for Defense Conversion fund, the first time we—for those.

Recognizing also——

Mr. **Miller**. That's the NOVA Tech.

Mr. **Curran**. That's the NOVA Tech—recognizing also the difficulty of doing a grant for a single employer or single event and how much things change with that, we actually joined with about five other core companies that were all defense-related companies that had experienced significant downsizing.

That grant application, and the advantage of DCA grant applications, is that, if it is long-term, you can do six months. It's meant to be there for the full nine yards.

And so we sat down with the company and then had to specifically state every individual that was going to be unemployed and when; what their job skill steps were; were they going to be employed some place else; were they going to retire; is there a job in the community for them; if there isn't one, needing an on-the-job training contractor that would train them 2½ years down the line; and, knowing Silicon Valley, that company would probably not be in business anyway.

We put all that information together, how, I don't know. We submitted that application for $3.5 million. That application actually was rather kindly reviewed. Our experience in the past had been nine and ten months at the time, with the Secretary of Labor; that was down to about 2½ months at the time, I believe.

The funds were made available with some contingencies that took us about a month, month and a half, but they were—what I found here is that they were not as partners. We were going through a process of showing that we could jump over all the hoops.

In particular, at the eleventh hour, when it is being reviewed by the Secretary, a statement came out, "Well, the Naval Air Station is going to be taken over by NASA so all those people will get work." Okay?

Now, essentially, everybody—the $3.5 million should be $2 million; okay? And, since you have less money, you only have 18 months to spend the dollars you get at 36 months. So now what I have is the exact time, I have another application that they had submitted because the Naval Air Station is still closing down and I'm out of money and I'm out of time.

There is not a sense of partnership and not a sense of interaction. There's not even an appeal process because—"Well, wait a minute, let's talk about it." Once you hand it in, it has to stand on its own.

Parallel with that, the Secretary of Labor—that we had for two companies that have experienced more downsizing than they originally experienced, they originally anticipated. So we have now used all those funds up.

I called up last week and said, "These are the same companies, these are the same folks, these are the same layoffs on your schedule, what can we do to increase the term or increase the amount of the money spent?" "You can't." You start all over again.

The system isn't made to help us, the system is to protect——

Mr. MILLER. That's unacceptable. That's just not acceptable. And, if we had this option in this go-around—I mean, as an elected official, and I stress "elected," that's just unacceptable.

That is not the service that the government should be rendering to individuals who are trying to take care of our constituents when they fall upon economic hard times. I mean, that's just unacceptable. So we will have to figure that out.

All I am trying to stress for the moment here is that I think you have a very unusual situation in the Bay Area. I think even within the State we need a high level of cooperation and coordination among the delegations so we are not trying to steal out of one another's efforts. We will try to recognize the uniqueness of what's going on in Silicon Valley, what's going on in the East Bay, what's going on in the north coast, and what's happening down south with respect to defense industries. People are trying to figure this out.

I think this gives us an opportunity to push the curve. If you get rebuffed, you come back and say "This is the problem we're having." Let's see if we can blaze some new ground that can later be reflected in the legislative approach along the lines of the suggestions that many of you have made here.

With Mare Island and Alameda, we do have some notice allowing people to start to reflect on that in the community. The contractors to those Federal facilities now who will start thinking of what percentage of business they are going to lose, are going to start looking for workers elsewhere but, at same time, they are starting to think what that means to my workforce. Do I lay off five or six?

I think we've got to start gathering that information now. As Dr. Dickinson pointed out, you've got to go to the employer who may, in fact, already be laying off people and talk to that person about that.

Unemployment, historically, is looked at as shame, and we've just got to break out of that. We've got to get people to come forward. As we get a list of the contractors and start to see how that industry is going to be diminished, we've got to go to those employers and say "What's the impact on your workforce?" They can report "I'll be fine," "I won't be fine," "I'm going to lose half," or "I'm out of business."

That is the process, and I think we need to go to the Department of Labor with that kind of request for anticipatory funding because we want to be there the day or before the day that person walks off that job and their economic foundation just falls away from them.

I mean, that's the goal to go to those workers and see if we can retrain them over that period of time. That's the goal of what Dr. Corrigan is doing with his effort.

Enough said on that, I've got a couple of other questions and I don't want to use all my colleagues' time here; they won't let me anyway.

What do we know about the quality of people who are involved in your industry, if I can use that term, in terms of their abilities to deliver skilled resources to the potentially unemployed or the unemployed? In most human service agencies, one of the things we don't really invest in is the training of the personnel of the people who deliver the service, whether it's child care, teacher education and training, or another service.

What about in this case? Is there a great range between the talent of personnel within the PICs and in their training and their understanding? What are we doing on this?

Dr. DICKINSON. Let me just—I'll get out of here and then I'm sure the PIC directors can speak more specifically.

But, indeed, there is a great range. And some places have really put a lot of effort into hiring a staff and putting together inhouse staff training programs, things like assessment, bringing in mental health counselors to help people who are dealing with dislocated workers, understand some of their emotional responses.

And it was mentioned, it is a fairly predictable pattern and they need to be on the—to understand why people are reacting the way they are. There are various ways of doing it.

They also hire outside consultants. Small areas have tried to leverage and working with existing community resources in order to enhance their own staff. So then, on the downside, there are places where they've had the people doing the job for years and that's how they do their job and they are bureaucratic and not very flexible so they haven't looked for some of the needs skills that they need to know in order to serve the dislocated worker population.

So, indeed, a broad range with what we have currently.

Mr. MILLER. Yes, Mr. Nagle.

Mr. NAGLE. It was like under the law of JTPA and the State, I'd like, at least, to comment.

We have 52 service delivery areas in the State of California. It's a very uneven system. You have some that are very good, very professional, very forward looking in terms of integration beyond their own scope. And, at the other end, you have those that will just do what the letter of the law says and make no attempt to reach out beyond the strict confines of JTPA.

They do not see themselves in the employment development business, they see themselves in the JTPA aid business, which is very narrowminded.

Also, the structure of the PICs, they are very uneven. It generates usually on the individual interest of members so, in any system, if you have a very aggressive, involved group of highly placed, motivated employers, you have a very good PIC.

In many cases, you have retired individuals who are "consultants," or leaders of businesses that are not necessarily involved, such as the Chamber of Commerce, or the tax associations, or labor movements, or whatever.

Mr. **Miller**. It's not the first thing on their agenda every day.

Mr. **Nagle**. And it's a backwater and it becomes very a self-serving part of the bureaucracy as opposed to a facilitating mechanism, very inconsistent.

Mr. **Miller**. Should we try to change that?

Mr. **Nagle**. Not having laid the groundwork, it's hard for me to say——

Mr. **Miller**. I don't know if there is some alternative. That may be just the way it is. You're asking the question of people who, at least the people that I know, are very involved, very busy——

Mr. **Nagle**. Yes.

Mr. **Miller**. [continuing] with their own jobs and livelihood. You're asking them to take on this responsibility. Should it be relegated like that or is that model not good in every case. We say we want these people's involvement in this process. You gave me a statement of facts. I don't know if it's possible to——

Mr. **Nagle**. Well, I can offer you an opinion and then, obviously, I would like to hear what some of my colleagues say.

First of all, I thought it was a mistake with the JTPA legislation to simply suggest that, because the system was going to be "turned over to the private sector," that that, in and of itself, was going to make things better.

I think, inherent in that, it requires technical assistance, as well as to PIC members. They should be held to a fine degree of expectation. There should be some uniformity in the way of their training and broadening of their perspective. I don't think that has systematically been done.

So the system can be reformed and improved but, if left on its own, as with anything else, it will find its own level of competence, which is very uneven.

Ms. **Elton**. May I?

Mr. **Miller**. Sure; I don't think I could stop you.

Ms. **Elton**. It's not possible.

Certainly, there is a great variation of ability.

One of the problems, I think, in this State is—and I've been quoted before—the State Job Training Coordinating Council. This is a mechanism which is advisory to the government. It is primarily—the department heads who are members don't come, they send representatives, which gives you an idea of where that stands.

They see role as JTPA, they have not forced the coordination of the education system, the Department of Commerce, the other activities that I think they could probably force if they would stand up and really push it to people.

The Marketing Committee of the State Council puts on all kinds of activities, all promoting JTPA. And every time I see it, I get irritated because, in our community, we not only administer JTPA funds, we administer JTPA funds, we administer local funds. I have all kinds of needs for publicity and promotion but it's not for JTPA, it's for a range of services.

So I would urge—I think when we first started hearing about Human Resource Council, we said, "Ah-ha, we need to get rid of this thing." And maybe that's the answer.

Mr. **Miller**. Thank you.

Chairman **Williams**. Mr. Hamburg?

Mr. **Hamburg**. Thank you very much.

It's really interesting and informative to listen to all of you. I'm a former director of an agency—the CAPP agency, a community action agency—and so I'm familiar with a lot of the training programs dealing with bureaucracies on the State, Federal, and local level. It's really interesting to me that so much of what you say sounds a lot like what I hear when I go to Chambers of Commerce and hear people in the private sector talking about excessive red tape, excessive attempts to control the process from these overlords of the system who are so concerned that there is going to be abuse to the system that they create a system that really is choked and won't work.

Many of you voice the same concerns and put out the same vision of what a workable system would be like. I kept hearing clear eligibility pressure and earlier intervention, rapid response, flexibility, and above all else, maybe local control. I think what you said is just absolutely right.

How we can get these other levels of government to let go of their hold and let you do the job that you know needs to be done, I think, is a big challenge.

Mr. Nagle, you talked about looking at competition as a solution rather than coming up with new solutions to the job retraining. I didn't quite understand what you meant by that and I'd like you to elaborate a little bit.

You also mentioned that we need more emphasis on reform of the existing system and I'd like you to comment on that also because it seems to me that the existing system is so cumbersome, so confused, so overlaid with levels of bureaucracy that I just wonder if we can get there from here.

Mr. **Nagle**. Well, specifically to answer your question about my earlier comment, we have been led to believe, from reading some of the drafts of legislation which the Federal administration is considering, and not yet introduced, but considering, that there are elements of that that basically stress a competitive model. And that's what Ms. Elton was referring to before.

And, instead of incentivizing the existing system, instead of playing to the strengths of what's been done well and eliminating what has not been done as well, it would appear that the general concept is, if you introduce a new set of actors or actresses so that the existing bureaucracies would have to compete, and therefore that, in and of itself, will mean improved service.

If, indeed, that is the motivation, I believe that's extremely shortsighted because what we are then doing is taking existing, limited, inadequate resources and introducing new components to deliver those resources. And those will be components that will be drawn to the dollars as opposed to improvement in the service.

Mr. **Hamburg**. Right.

Mr. **Nagle**. So that was to more highlight what I think I was trying to say. And we would be concerned that, in thinking competition alone, rather than a reform of the system—and, by reform, we believe in collaborative models.

What we've attempted to do is say that there are no presumptive roles. We don't think that the State Employment Service should have the lead in everything. What we are saying is, play to the strength of the local community.

Mr. **Hamburg**. Right.

Mr. **Nagle**. Now, money should be made available to facilitate that. The State Employment Service should play its appropriate role, Private Industry Council, it, the community college, it, rather than segmenting the dollars and pitting us against each other. That was my point about funding services as opposed to organizations. Because, once you fund the organization, you have a political structure, identity, and whatever.

So, again, as my colleagues have said, we have to step back and say what is it we're trying to do and then how is the best way to——

Mr. **Hamburg**. To results.

Mr. **Nagle**. [continuing] rather than to tinker around the edges by saying, the best way to change the system is to add more organizations into the system.

Mr. **Hamburg**. Right.

Mr. **Nagle**. That's crazy, in my opinion.

Mr. **Hamburg**. Yes.

Ms. Elton, did you want to comment on that, as well?

Ms. **Elton**. Just basically, the answer is to say "Me, too."

We do have a need, I think, probably, for more training. I think one of the great things we are able to do is purchase training where we aren't competent to deliver it ourselves. But there is no question that the complexity of what we have, the fact that, as Mr. Nagle has identified, there are 23 training systems, training and placement systems in this State and we don't know even who all of them are. We aren't always on good terms with all of them, although we try.

But there is basically no vehicle for many of these things to work.

Dr. **Corrigan**. If I might comment really more as a layperson than anything else, having had some experience with PICs in Boston and then serving on PICs here and looking at the quality of time that board members are supposed to devote, the quality of the people that presumably are selected, and then what they are asked to do.

I've spent my whole career, really, in the public sector. Frankly, I have seldom seen anything as confused, technically oriented, and bureaucratically driven in terms of the meetings themselves—with all due respect to Eunice and to her staff—the meetings themselves are seldom involved with the kind of policy decisions that we should really be involved with because there is so much technical material that has to get through.

And I think that I have a reasonable good command of technical language and processes, having worked in these bureaucracies, but I must say that this is a level of bureaucracy that even leaves me aghast.

And I wonder to the extent to which people are singers of—people—representatives precisely because of the facts that—you know, the head of PG&E or the Bank of America is going to find his or her time not well spent. And I think we want those people involved.

Mr. Hamburg. So, with JTPA, we tried to create the system and we brought these private industry people in theoretically because we wanted their expertise and their ideas and we bog them down with so much technical jargon——

Dr. Corrigan. Right——

Mr. Hamburg. Mr. Miller, if I could just ask: My experience with the JTPAs up in Mendocino and Lake Counties—which doesn't have much organized labor is that except people who have been retired—I didn't see a lot of participation by organized labor and I personally feel very strongly that there needs to be that participation.

I would just like to ask you what role you see organized labor playing in the context of the PICs and in the context of this worker retraining for defense workers?

Mr. J.T. Miller. I'm glad you finally asked me something; I was getting bored sitting over here.

But to—and I hope those retired people up there in your neighborhood are retired union people.

Mr. Hamburg. Well, I'm from Lake County, lots of farmers.

Mr. J.T. Miller. That's right, yeah.

Now, to be honest with you, and I've found this out recently, that I know, in Napa and Solano County, PIC has been very low profile with labor. I've been with the Labor Council since 1988, an officer, I heard very little about Private Industry Councils up until about two months ago.

And just like everybody is talking about regulations, I literally read the Federal Register, Volume 57, Volume 58, like the Title II, part of the Title III bylaws of the Napa PIC and the bylaws of the Solano PIC. The outcome of me reading those: I've been appointed to both councils.

I shouldn't have done that.

But, when you get into the moneys like JTPA moneys, DDPs and DCAs and emergency funds—and I'm going through and going through and I got a hold of the Chair of the Napa and the Solano PICs and we had to kind of sit down and we've had some discussions. Also to the futures committees, our subcommittees.

The way I started looking at it, and it seems like—we have met a couple of times—is the idea of what we were going on, as I tried to figure this all out and do it all, that, first of all, is what we did, we just identified especially what we need. And we started working kind of, maybe, backwards on the regulations.

We met with Wendy Farrian of Solano County and said, well, right now we need planning money for displaced workers, so many over here, within what we call the Mare Island 1,000, the 1,000 workers being the first of the year.

So we just started identifying that and figures, now how can we get planning money. Can we use JTPA money? Can we use DDP moneys? Or DCAs, and all these other acronyms. That's the way we've been working.

It is tough; it's tough. But I couldn't figure out any other way and neither could anybody else to get around that. So, yeah, it would be nice to streamline it but then, again, we have to have a certain amount of checks and balances; it is tax dollars.

We'd all like to just say, well, yeah, you know, give me money and we can do it. But, yeah, I think it would be nice to streamline a little bit, but I couldn't really, at this point, tell you how.

But I'll tell how we're working at it, we're identifying short-term and long-term needs and if this is emergency money, we'll go through it. And a lot of phone calls at night. And support now, we're getting a lot of support with the labor unions and Private Industry Councils and that.

Mr. **Hamburg**. Well I think that the accountability for Federal money is real important. Is it an accountability for making sure hundreds of pages of forms are constantly filled out, or is it accountability that we get the results out of this——

Mr. J.T. **Miller**. Right.

Mr. **Hamburg**. [continuing] that the legislature originally intends. Sometimes those things really get in the way of each other.

Mr. J.T. **Miller**. I just was trying not to say that the Members of Congress are doing a bad job.

Mr. **Hamburg**. There's always a lot of room for improvement.

I wanted to ask: Ms. Elton, you talked about these one-stop shops and worker adjustment centers. I don't think you were saying that they are necessarily a bad idea but I think you were wondering if—I think your words were, "Are we willing to pay the bill?" I think that's a really valid question to ask.

We have a huge task ahead of us. And several of you have talked about structural unemployment and that we don't let this current effort somehow take dollars and take resources away from what we already have to do.

I guess I would just like to ask you to elaborate on that point; do you think that, in light of the scarcity of funds, perhaps we should not look to establishing these kinds of centers and we should work in other ways.

Ms. **Elton**. Well, I guess first I should say I believe in one-stop centers where, if a member of the public needs something, each member of the public can find the right place to go to get the—it would be a little difficult in many cases.

The reason I guess I was raising questions, I read an analysis of the proposal that describes both the one-stop centers and the workforce investment—something—had slightly different roles. One had a complete role which would take a displaced worker all the way through to result in a career choice. But a one-stop center which would make information available and then perhaps test some things and then stop. This makes no sense to me at all.

As I say, I had trouble reading the material and really understanding it.

I think it would be absolutely great if somebody could come in to, whether it's my office or some other office, and get information about what services are available for the rehabilitation for those disabled persons, what services are available for someone who is homeless. What about the person that comes into my office and doesn't speak any English at all; we have a fantastic English language problem in this community.

The one-stop service would be very hard to put together. In little, dinky San Francisco, and we are very small, we have to have branch operations that specialize by language, if nothing else. It's difficult and yet people are entitled to that information. They really are entitled to better service than they are getting.

Mr. **Hamburg**. It is largely a matter of whether the resources are going to be there in terms of dollars. I mean, these ideas sound wonderful but to implement them requires a level of financial commitment that I haven't seen in Washington yet.

I really applaud the administration for being much more energetic on this score. And Robert Reich, I think, really sees the absolute importance of worker retraining, with or without Defense Conversion. Just looking at my congressional district in the north part, we have a timber economy that's falling apart and we have tremendous needs for conversion from our own sort of resource-based industries to ones that are really changing the way we work in the woods.

With the whole area of Defense Conversion, when President Clinton announced about a $20 billion package over five years, that's not going to go all that far. I think we need a strong commitment.

Mr. Nagle, I just want to go back to you just for a second.

You mentioned the need of conceptual reform of what it takes to move people to economic self-sufficiency. I just want to hear a few more sentences on that because I know I agree with you, but I just want to get it on the record in your words.

Mr. **Nagle**. The problem, I think, is that all too often employment and training programs have been looked upon as an end in themselves. And, frankly, the programs are a sophisticated form of welfare unless they are linked to some type of economic development. So, therefore, if we are just focusing on retraining, without linking that to other available Federal resources that are going to be invested in the area for transportation, the natural resource development, or whatever set of purposes, that's the type of coordination and leadership we would like to see at the Federal level because we are challenged.

Again, as I said, in JTPA we have perhaps resources for 5, maybe 10 percent of the eligible people who walk in the door. So the answer is not so much access. And if we restructure to increase access, all we are doing is burdening the system.

If we set up a two-tier system whereby the educated, the skilled, and yet long-term income support and the unskilled, unemployed, long-term, not only will individuals that do not, we are basically restructuring a two-tiered economic system perpetuating the problems that we have now as opposed to improving them.

So, in effect, that's what I'm talking about. We need to rethink what does it take to move people into jobs as opposed to what does it take to keep organizations doing what they have historically done. And we would like to see some leadership at the Federal level in linking Federal departments and programs through vocational education and job training, widen our employment training programs in the—development area, Department of Commerce, Department of Labor, Department of Education.

It is very difficult for us at the State and local level to any type of coordination activity when rules and regulations and funding sources go back to the Federal Government and there really is no incentive at the local level to coordinate.

So, again—I don't mean to talk around the issue—but, in terms of conceptually deciding what is it that we, as a country with limited resources—and they forever will be limited—how do we wish to invest that in our workforce of the future? And I don't think that debate or discussion has taken place at the national level.

Mr. HAMBURG. I think it is, on one hand, an organization debate and how do we create a system that works with bureaucracies that actually function; but it's also a question of how serious we are about this in terms of the financial commitment of the country.

As one elected official, I think our commitment is too shallow and, when you talk about the 10 percent of people who actually get services that they need, some of that is a need to do more outreach and have more people out in the communities telling people what is available. But a lot of people who come in the door, there's just not enough to go around. I think that's wrong. I'm going to work on directing more resources to this problem of economic conversion that I think exists throughout our society.

The Defense Conversion is an important piece of it here in the Bay Area but, as I mentioned, in my district, it's much, much broader.

Thank you, Mr. Chairman.

Chairman WILLIAMS. Along with what Dan is saying, my district is all of Montana and we have the same kind of conversion difficulties that Dan has in part of his district with regard to timber.

Let me, at the risk of angering my two colleagues, and particularly my old friend George, tell you what some folks in my district—and in Arizona where I just came from two days ago talking about much of the same—say about the Bay Area with regard to the tens of—the hundreds of millions, if not billions of dollars that might have to be spent in areas like this with regard to base closures.

In the 1970s and 1980s, constituents in the rest of the country say billions of dollars by the tens flooded into those areas, Federal taxpayer dollars. Whether one agrees or disagrees with the defense buildup, particularly the extraordinary buildup of the 1980s, areas like this—and there are only a few others—profited enormously by it.

Now the question is, of course, these same taxpayers now say "You mean we are going to have to put a huge share of the dislocated worker money into the same areas now that there are base closures going on?"

That's what I hear in Arizona, it's what I hear in my own State of Montana. You could go to 25, 30 States in this country and that's what the taxpayers would ask.

And I know you recognize the problem. I recognize, as Chairman of the committee, the dilemma; I think you need help. And the committee and the Congress and the President is committed, along with the Secretary of Labor, to providing that help.

You have to understand out here, though, the great sensitivity that this problem is creating among taxpayers in the country, particularly with the current deficit and particularly with the other conversion, economic conversion problems such as Dan spoke about, which also affect the State, just in a different part of it.

One of the things I heard in Arizona, Dr. Corrigan, was from a couple of major American industries who said, "We can't contract with public education, we can't contract with four-year institutions, postsecondary institutions either private or public, because their offerings are so rigid that they cannot solve the problems, in either our in-service training problems for our own workers or the problems of our dislocated workers." For example, you are on a semester system, while dislocated workers need help right now, they need open entry, open exit.

How does higher education change, if it has to change, in order to meet those kind of needs?

Dr. CORRIGAN. Well, Mr. Chairman, in the first place, higher education has to change. Secondly, higher education is not monolithic and my suspicion is that the criticisms may be more appropriately made of traditional research universities than places like San Francisco State, for example, which are urban-oriented, community-oriented, which the research that goes on is applied regionally and locally applied.

We have our own bureaucracy and our own ways of doing things. You know, I think, Mr. Chairman, that Career/Pro developed out of our urban institute and we structured the urban institute precisely because it alleviated the mechanism within the university that could be more responsive on a timely fashion so that we could, in a sense, premise the resources that we had outside of traditional departments and allow them to be focused as need be when it came to community issues.

I think that, increasingly, we will see institutions like San Francisco State, with its strong connections to the community, trying to break out of the old patterns of doing things.

You know, we are in UC country right now. Clark Kerr came up with a model many years ago that getting a faculty to change a curriculum is like moving a cemetery. Well, we are, in fact, trying to do that in places and our institutions are much more responsive.

The other point I'd make in passing is that people keep on raising this issue of university involved in what are vocational or training issues forgetting, for example, that Harvard University was founded as a vocational institution, it was to train ministers; that San Francisco State was founded to train schoolteachers; that the great land grant institutions that some of you are familiar with were founded and developed precisely because the economic engines of their communities depended upon higher education.

I mean, the Wisconsin model that became the land grant model.

And I think we need a return in higher education to a concern for how it is that the resources of higher education are put, not only in the classroom, but outside of the classroom. And we are trying very hard to reach out, particularly in community colleges, to establish this relationship and with community organizations so that we can provide, let us say, the expertise that is necessary to help to put together these programs, not always will we be the delivery system.

But I think, frankly, the people that you spoke to in Arizona did, in fact, have a point, that we suffer from rigidity as well and we have to break out of that.

Chairman WILLIAMS. Maybe Mr. Miller and Dr. Dickinson both want to answer this, and that is, regarding plant closing legislation, WARN: Do you have any recommendations about changes that might make WARN intervene early and more successfully? The administration is suggesting that we eliminate the one-third workforce requirement.

What do you think?

Dr. DICKINSON. I think a recent JAR study on WARN certainly highlighted that there were many problems, both in implementing the current legislation and with coverage with the current legislation. And I agree, the one-third workforce rule seems nonsensical when there are hundreds of factory workers, that they—whether it's a large international corporation or a large international corporation and it's not going to affect one-third of their workforce.

So I think I would strongly support that, especially since rapid response is often linked to whether it's one eligible, in which case, the EDWAA resources don't come in because of that particular position.

I think, also, implementation of the existing legislation is really important; and that takes a lot of leadership at the Federal and the local levels in order to make employers aware of the requirements and also the benefits that can accrue to them from compliance. And a lot of places have worked at both providing information and then working with their economic development efforts in developing a better relationship with their employer's community so that they are seen as a resource and not as a compliance agency.

Chairman WILLIAMS. Mr. Miller?

Mr. J.T. MILLER. Yeah, I'm not real familiar with this one-third workforce to comment a lot on it.

I'm assuming that that's when you are depleting your workforce, you know, by at least one-third in that region or area. So I just don't know. Am I correct on that?

Chairman WILLIAMS. That's right. Have your members taken advantage or found useful the WARN legislation?

Mr. J.T. MILLER. Yeah.

No, I'm not really to familiar with that.

Chairman WILLIAMS. Dr. Dickinson, let me ask you another question. From your experience in reviewing multiple strategies for dislocated workers, what do you think of the administration's—as far as you as know about it, what do you think of their one-stop center approach?

I know you spoke of——

Dr. DICKINSON. Yeah. Well, I think the general idea is hard to refute. I mean, the idea that customers can come to one place and get the information and begin to start on the right path towards getting direct services is certainly, you know, a worthy goal.

I think some of the specific mechanics and governance in the current proposal, I think, is more problematic. I think I would hate to see some cookie-cutter approach being imposed upon this really good idea because there are many ways to do it. And it can be a place where people start and then get good referrals and appointments elsewhere so then they know where to go next; or you can have this concept of no wrong door so you can start anywhere in the system and get somewhere else to where you really need to be.

So I think there are lots of ways that people have put together and tried to implement this goal and I think they need to—I think, perhaps, more input and alternative strategies for that would be advised before locking into any one way to go about it.

Chairman WILLIAMS. Okay.

I want to limit the time now to five minutes each for a second round of questioning; and we need to do that because of airplane schedules and having to return to Washington.

So after Mr. Miller comments on this, we will go to this Mr. Miller and Mr. Hamburg, back to myself, and then we will adjourn.

Mr. Miller did you want to comment?

Mr. J.T. MILLER. Yes, I just want to make this quick, Mr. Chairman.

I am not familiar with that WARN legislation but I guarantee that, if I have an opportunity to be in front of you again, I will be familiar with it.

Chairman WILLIAMS. All right.

Mr. J.T. MILLER. The difference on your statement, on page 5, you raised the issue of obtaining the cooperation of employee groups and unions. This afternoon, when you visit the Mare Island community, this is a highly unionized facility that is being terminated and closed at this point, and I just wondered what kind of additional concerns that might raise when you're talking about the retraining or the reemployment of those individuals.

Do you know anything historically about that in terms of going out into other employers and bringing people who are out of the organized sector and trying to place them elsewhere and how do you work to mitigate that?

Dr. DICKINSON. Let me think more about that in specifics but I think, in general, that having the union involvement is really critical and can be very helpful in terms of making the services more available to the individual, providing some peer support and peer recruitment, and also they can be very useful in identifying alternative employment opportunities because of the knowledge about how those skills can be used in different occupations.

But, clearly, the issue about replacing wage rates becomes very difficult and is particularly more difficult in more unionized sectors where those wage rates may no longer be available in alternatives. So it does become very difficult in that——

Mr. **Miller**. I am wondering, over the last, you know, decade, especially in the Bay Area, if there's really been a great deal of experience in placing, providing training, referrals, and information to this sector.

This shipyard is a heavy industry. It's pipe shops and electronics shops and welding and sheetmetal. This is different than we have experienced over the last decade. As we've watched industry, the impact has been in the service industry. The most of the recent layoffs, outside the defense industry in southern California, are not something that people are that familiar with. It forces a person to make a kind of a dramatic change, possibly, in his or her career. These are highly skilled workers in terms of the machinery they have used, the tolerances that they have been expected to work to, and the quality controls that they have had to work under.

I am just trying to anticipate, over the foreseeable future, how you market these individuals.

The welder who is working on composites and titaniums and all the exotic materials at Mare Island is not somebody who is just slapping two pipes together. It goes throughout the system; they are working with some of the most exotic technologies and materials at that facility that exist in the world today.

So these people clearly have the ability to acquire those skills. They are also highly organized. They belong to the industrial unions and governmental unions. They've worked under work rules and those kinds of arrangements.

Again, we think of this in terms of our retraining and environmental remediation legislation such as Congresswoman Pelosi's legislation that provides the money to the consortium to do that.

Congressman Dellums' committee took our amendment which directs the Navy to use these people to the greatest extent possible and yet, when that's done, we still want to transition those people into the private sector. That part of the private sector that hopefully, if we are successful with the consortium transitioning to it, is not organized. It just doesn't lend itself to that in most instances.

What I know about the environmental cleanup, from my experience with the refineries in my district and elsewhere, is that it is not an organized sector of our economy.

So we've really got to take people from one distant place in our economy and be able to move them through this job retraining service organization and out, possibly through temporary employment and training for the cleanup of these facilities. Then they will move on to the private sector and that's no small hat trick.

Dr. **Dickinson**. No, indeed not. And it involves retraining in workplace skills, where they are used to highly structured, unionized organizations, and producing, as you say, high quality but small numbers of products and suddenly they have to find themselves working in a more open or perhaps—the high performance workplace skills, such as total quality management, where they may be actually be making some of the decisions that they have imposed.

Mr. **Miller**. Just ask the PIC directors here, would your model currently accommodate that kind of workforce?

Mr. **Curran**. Not only accommodate it, it would improve it.

And I will give you an example; at FMC, which is highly specialized welding of aluminum in the middle of Silicon Valley, which doesn't use big things and doesn't do things in 10-year timeframes, it doesn't have that level of decision required to throw out 20 percent of the stuff that they make.

We have been involved with the Employment Training Council of the State of California doing something—and that was when the company was going to go up—they retrained a major part of the workforce for the last two years. But the workforce that's left is able to use the statistical control, use the total quality management, new production lines, more people participating, and more flexible——

Mr. **Miller**. Is that model transferrable to the Solano County PIC or the Napa County PIC? I mean, is this kind of information readily available to be shared and other in-service training for those offices? I mean, that is——

Mr. **Curran**. It is at that point, they are just finishing and one of the components of it was, the study, was that people moved into jobs quicker. People went in to JTPA—they get higher wages. That report went to the Employment Training panel this week and it's expected, hoped, that it will be shared with the whole JTPA community on how to try to make a different kind of funding mechanism work for an employer that is currently trying to reduce workforce.

Mr. **Miller**. Thank you.

Chairman **Williams**. Mr. Hamburg?

Mr. **Hamburg**. I wanted to just ask: Are there services available to workers who are forced to relocate? Some of these people are going to be able to integrate into local private economy and some aren't.

How broad is our reach in terms of knowing what opportunities that people might have outside of the immediate area, with respect to the Bay Area workers?

Mr. **Curran**. The Bay Area, up until two years ago, we probably had little to no relocation assistance. And that's not the financial side, that's the information where jobs are, because they believe that people have a chance of getting a job—in the area.

Now we do fairly limited in the sense of availability of phone banks and job announcements, but it's very, very—I think, probably, maybe a prejudice is how do we reinvest the money in our communities so that our communities stay vital rather than looking at the more national picture.

And, right or wrong about that, you don't take another community where this human resource may contribute a lot to another community. Our focus is very limited resources and too many people waiting for the services in the first place, of having people staying with the jobs that are here instead of someplace else.

Chairman **Williams**. Yes?

Mr. **Nagle**. If I may?

A non-JTPA activity through our own job service, the Employment Service, we have a computerized system called Job Match, which means, employers who list their job openings with us—it's totally apart from training, it's a labor exchange, matching program—we can tell you, if you walk into an office in Eureka what are the jobs that you're looking for in San Jacinto. So it is a statewide system.

We also use that for those leaving the military and we provide our information to military bases overseas, to people mustering out in California so that they are aware of job openings.

So we do have a capability statewide to provide opening information from those employers who do list, voluntarily, their jobs with the Employment Service. But that is not related to training.

Chairman **Williams**. Yes, J.T.?

Mr. J.T. **Miller**. Yeah. On Mare Island, they've established job clubs and a form of job match, a computer system. And most of it, at this point—the last time I toured it—and it was mainly for Federal jobs. However, my understanding with all the PICs, we are going to get the two counties' PICs to move an office in that same building and then expand it. It's a fully computerized system.

Mr. **Hamburg**. That is available in both Napa and Solano Counties?

Mr. J.T. **Miller**. Yes. It's just what we have.

Moving expenses, if you do change jobs, another job out of the State or wherever within a certain distance, the Federal Government does have a system set up where there's a certain amount of relocation money; that's for displaced Federal workers alone.

Mr. **Hamburg**. The only other thing I want to mention is, I visited Solano Community College over the last couple of days and there's a lot of enthusiasm about this HAZMAT training program that's being initiated through the college. I see Mike Nolan in the back; it's good to see you.

There is quite a bit of concern about the commitments that the community colleges—both Napa Valley and Solano—are making at an upfront level, before they know that funding is going to be available to cover the services that they are initiating.

Is there any way to deal with that, Dr. Corrigan? Do we just need to get the Federal Government to be more proactive as we talk about with regards to that?

Dr. **Corrigan**. Well, I think we have some of the same problem that was being described by our colleagues from the PICs, the Department of Defense, as you know, tends to contract rather than provide grants, given that kind of situation.

You know, we, ourselves, do hazard with some of our own resources. One of the reasons that we raise money from private funds is to kind of prime the pump, hoping that the Federal dollars will be coming.

But, yes, the overwhelming answer is that the extent to which there could be some money early on for the planning-implementation process, particularly when you're a community college. Essentially, the only dollars available to them are instructional dollars. So this is quite significant.

Mr. **Hamburg**. Yes, they seem to be real stretched.

Dr. **Corrigan**. Yes.

Mr. **Hamburg**. They want to do what community colleges are really best at, which is responding to immediate problems and dealing with the stresses in the local economy. But this is a diverse stretch, and I'm sure you know that.

Mr. Miller?

Mr. J.T. **Miller**. Some of the hazardous material in moving and training, the laborers' union does have schools down in San Ramon, California.

I took a tour through them. Of course, it's not big enough to train the number of people we have. And it's really a nice-structured setup. And the community college, I planned on getting you members or your staffers to go through that; I haven't had a chance to do it. But it gives you a structure. And it's something that the community colleges—of course, you've got to get the money—could possibly take off from that.

And of course, with the laborer's union, are definitely willing to work. Operating Engineers have also a school in Sacramento. So those are options.

Whether we use them through training money to hire them to do it or we make our own, we already do have something in place and it's really a fascinating school.

Our minimum requirements of a journeyman, whether you're a machinist, an electrician, or a rigger, you are three units short of a two-year degree. So just for the doctor here, for your information, most of our journeymen over there—or I should say journeypersons—have two-year degrees, believe it or not; and there's a lot of them that happen to have four-year degrees. That's just part of our training.

Solano Community College is used to working with the Federal Government in training employees. Just information.

Mr. **Hamburg**. Thank you.

Thank you, Mr. Chairman.

Chairman **Williams**. Mr. Curran, what percentage of your entering participants end up with employment and how are those wages compared to the wages of their previous jobs?

Mr. **Curran**. Overall, over the last three years, we are about 73 percent.

Chairman **Williams**. That's entering participants?

Mr. **Curran**. Pardon me?

Chairman **Williams**. And that is 73 percent of entering participants?

Mr. **Curran**. Of all participants entering a job that come in contact with our programs. Over the last three years, the number of dislocated workers we served has gone from 1,000 to about 6,000. The last year, with the lower wage to enter, it formulated to about 67 to 68 percent.

I think we have learned for the first time it wasn't just the training, we had to develop jobs because the jobs just weren't there.

At probably three years ago, the average was about $2.00 an hour higher when people came in. Last year it was about equal; this year, it's about $1.50 lower. Our average rate is about $15 an hour.

Right now, production, electronic manufacturing, up to—contract engineers—the individuals that make up that universe.

Chairman **Williams**. Thank you.

Mr. Nagle, what percent of clients in retraining in California receive income support?

Mr. **Nagle**. I wouldn't have that figure here immediately available to me but I would think there would be very few. Income support has not traditionally been a component of training.

The old CETA program which ended in the early 1980s did have what they called stipends, basically support while one was in training. But historically, income support has not been part of the training.

Chairman **Williams**. Let me ask you—let me give you some equal time here.

As you know, Ms. Elton mentioned having a connection between the local agencies and the PIC folks and the Federal Government, which she thought might not be in keeping with your thinking.

Would you like some equal time here before we close to tell us why that's good or bad?

Mr. **Nagle**. Well, if I may, just two very brief points and one is a—if you forgive me for interjecting.

The one-stop shop concept, I want to make a comment, if I may.

Chairman **Williams**. Yes.

Mr. **Nagle**. The concept is good but, in this area, we have to think, as Mr. Curran suggested—there needs to be a one-stop electronic access. The concept of physically locating every conceivable service in one location, number one, is impractical and, number two, we couldn't even make the space in time to deliver the service.

So I am suggesting we need to move our minds to the modern age of, we need to provide this information not just the service providers, but the libraries, community colleges, computer networks. In effect, we have to broaden our access through the electronics system.

In terms of the role of the State, as I said, we very much favor collaborative efforts. We feel there is a role for the government and the State in terms of overall policy, working collaboratively with the local entities.

If the JTPA system alone is given the money, then we are concerned about what linkages that can create with other State programs or the Federal programs. So it's less important to us who runs it as it is what inherently is the mechanism for collaboration.

So I would really rather stress that than to say there is a presumptive role the governor or local elected official for a——

Chairman **Williams**. Ms. Elton, you suggested that collaboration wasn't, in fact, taking place at the State level.

Ms. **Elton**. I think a lot of collaboration does take place, a lot of it locally. I think you will find my written material has a very quiet little sentence there, however, that says, "If you want this collaboration, please tell the other agencies that they are supposed to work with us, as well as telling us to go out and develop coordination."

It is one of our real problems is that the other participants in this multi-headed monster we are supposed to—just don't know that they are required to be a part of the system. Each of us has his own turf; we are all busy protecting that turf. Our turf happens to say that you have to get along with the other people. Nobody else's requirement says that; and it would help us very much if it did.

Chairman **Williams**. Let me, on behalf of my two colleagues, thank the panelists for their counsel and advice. You have given us great testimony.

I want to particularly thank Dr. Corrigan and San Francisco State for making the initial invitation, even before George and Dan asked me to come out. Fellows, as usual, the constituents are a little bit ahead of us on these things.

But we appreciate that invitation and are particularly appreciative of all of you being with us.

The hearing is adjourned.

[Whereupon, at 11:20 a.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows.]

KATHERINE P. DICKINSON, PH.D., SOCIAL POLICY RESEARCH ASSOCIATES, RESPONSE TO WRITTEN QUESTIONS FROM SUBCOMMITTEE

1. What changes in WARN are necessary for more successful early intervention? The administration advocates eliminating the "one-third of workforce" requirement. Do you agree?

The recent GAO report highlights that currently many layoffs are not covered by WARN and that, even when covered, employer compliance is low. We recommend improvements in both areas.

We concur with the recommendation to eliminate the "one-third of workforce" requirement. Currently, large firms can layoff several hundred workers without any advance warhing. This creates inequities between workers in large and small firms that do not seem to be related to the ability of firms to plan for layoffs (that is, large firms are probably better able to plan for layoffs than small firms).

We also recommend more active efforts to inform employers about the requirements of WARN and to encourage compliance. Our study found wide variation in the extent that States and substate areas have (a) tried to make employers aware of the WARN requirements, and (b) have worked with the employer community to make them aware of the benefits to the firm of providing advance warning and initiating EDWAA services as soon as possible.

2. From your experience in reviewing multiple strategies for dislocated workers, what do you think of the administration's "one-stop centers"? Is this too proscriptive a structure for all areas? (Re: your conclusion on p. 30)

We are in strong agreement with the intent of the new "one-stop centers": increasing coordination of DOL-funded services for dislocated workers and increasing the public awareness of such services.

We are concerned, however, about some of the specific provisions. First, we are concerned that one-stop centers would substitute ES-type services for most basic readjustment services for dislocated workers. As discussed in our answer to the next question, in many cases, EDWAA basic readjustment services are more intensive, more tailored to the distinct needs of dislocated workers, and more appropriate for higher wage workers than services that ES currently provides to all job seekers. Substitution of ES-type services for EDWAA-specific services, therefore, could substantially reduce the responsiveness of basic readjustment services available to many dislocated workers.

Second, many States and substate areas have developed other variants of the "one-stop center" that facilitate coordination not just among DOL-funded programs but with programs funded by other agencies as well. We hope these alternative approaches to accomplishing the intent of one-stop centers can be continued.

Third, some of the most responsive services we observed were provided through onsite career centers and other prelayoff services. It is not clear how these "plant-specific" services fit into the administration's proposal. We would like to see these approaches encouraged and facilitated by any revisions to legislation for dislocated worker services.

3. Your testimony fails to highlight a specific role for the Employment Service. Is there a message here? You do not mention the ES until pages 16 and 17.

Many States and substate areas have well-developed coordination linkages with the ES that have enhanced services to dislocated workers. For example, in many areas the ES provides referrals to EDWAA services, provides critical labor market information to help identify occupations in demand, and provides information about job openings in the community.

In cases where the ES was the direct provider of services, however, the coordination was less beneficial. In part because of the substantial decline in ES funding over recent years, the ES tends to offer short, inexpensive services with substantial emphasis on self-help. Further, regular ES services tend to be oriented to lower-skilled positions. In cases where the ES provided their regular services to EDWAA participants, therefore, the resulting services were quite short and were not tailored to the needs of dislocated workers, many of whom may need to seek reemployment in entirely new occupations. Thus, "business-as-usual" ES services did not stand out as examples of responsive services.

As an alternative, some substate areas have contracted with the ES for more expanded services for dislocated workers. For example, one substate area contracted with the ES to provide a two-week job search workshop designed specifically for dislocated workers. These contracted services use the expertise of ES staff but are more intensive and more tailored to the needs of dislocated workers.

4. You outline a comprehensive and sophisticated approach to serving dislocated workers. How do you balance that with the need to serve a maximum number of workers?

Although we agree that there is often a tradeoff between providing intensive services and serving large numbers of workers, in fact the programs highlighted in our guide were not more costly than average: their average cost per participant was under $2,225 while the national average was over $2,900 per participant in Program Year 1991.

One reason that these more responsive services were not more expensive is that some aspects, such as arranging for a broad range of retraining options, may involve resources initially to establish provider relationships but do not entail higher ongoing costs. Second, many services—such as crisis adjustment services—can be offered in group workshops or through referrals to community agencies, resulting in low per participant costs to EDWAA. Third, some characteristics of responsive services—such as assessing workers' existing skills and need for retraining—not only help the workers but also help the program make good choices about using their scarce retraining dollars

5. On pages 24 and 25, you discuss the use of existing institutions and individual participants selecting or shopping for courses versus designing special open-entry, open-exit courses. Can you comment on the dilemma of the public dollar supporting parallel systems? Can existing institutions be leveraged to be more flexible?

By far the most common way of delivering retraining is through the use of existing systems. In some cases, however, substate areas have developed specially tailored vocational classes in response to a specific layoff. Even in these cases, however, existing training institutions, such as a community college, are usually the providers of these new classes.

As an alternative to adding classes specifically for dislocated workers, many substate areas that we observed have worked with their providers to make existing programs more responsive to the needs of dislocated workers. Examples of such changes include allowing job experiences to substitute for some academic prerequisites, providing at least some common courses on an open-entry/open-exit basis, and adding new vocational classes in occupations in demand, which are available to all students, not just dislocated workers.

Other substate areas have not brought any changes. In some cases, substate areas have not attempted to influence offerings because they were not aware of problems in existing programs. Other substate areas have found their providers unwilling to make any changes, even in cases where EDWAA funding was substantial.

It is clear there is a need for greater flexibility among some vocational schools and community colleges to respond to the needs of older students who may have acquired skills through job experience and who need to return to the labor force as soon as possible.

THOMAS P. NAGLE, DIRECTOR, CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT, RESPONSE TO WRITTEN QUESTIONS FROM SUBCOMMITTEE

1. How much of the rapid response services is provided by the State versus local Service Delivery Areas (SDAs)?

Due to the geographic size of California and the magnitude of Worker Adjustment and Retraining Notifications received, the State contracts with SDAs and the Employment Development Department's (EDD) Job Service field offices to perform rapid response services. In California, most onsite rapid response services are provided by the local SDAs in conjunction with local Job Service offices. The State has oversight responsibility and uses a system of case management to assure the effective delivery of rapid response services throughout California.

2. What percentage of clients in retraining in California receive income support?

Information on the number of clients receiving income support is not readily available through our management information system. A fraction of Title III funds have been spent for needs related payments in California since the inception of the Job Training Partnership Act (JTPA). For example, in Program Year 1992-1993 California spent $120,000, or .2 percent of its total Title III funds available on needs related payments. During Program Year 1991-1992, of the 1.5 million unemployed insurance claimants in California, 16,538 were participating in the California Training Benefits (CTB) program and 2,139 were receiving assistance from the Trade Adjustment Act (TAA). There are no figures available to identify the number of claimants who were dislocated workers that were participating in either the CTB or TAA programs.

3. On page 6, you recommend simplifying applications for discretionary dollars. How would you do that? Should Department of Labor regional offices be involved?

We recommend a two-step grant process with the first step occurring soon after notification of the closure or significant layoff. This would be an abbreviated application limited to demonstrating the need for funds. Upon concurrence from the grantor, Department of Labor (DOL), that a need exists, a portion of the total grant amount would be awarded to provide early intervention services and cover the costs of developing a more complete plan for service.

The DOL regional offices would be involved in the process. To assure quick access of funds, the DOL regional office review of the application would be concurrent with review by DOL's national office. Once there is concurrence that funds are needed, the DOL regional office would work with the State or grant applicant to jointly develop a complete service plan and budget. With such a collaborative effort, there should be little need for changes or modifications of the grant. Should changes be necessary, DOL regional offices would be involved in the development and approval of grant modifications.

4. Would the other members of the panel favor Mr. Nagle's recommendations regarding permitting skill enhancement as opposed to only retraining and allowing skill upgrading for small employers? (Page 7.)

In general discussions with California's SDA administrators and our SDA advisory group, there is widespread agreement on this point. We have not had an opportunity to poll the other members of your panel for their views on skill enhancement training.

Currently, the only option available to training providers is to retrain dislocated workers in a new occupational area. There is widespread agreement that skill enhancement training in programs such as Defense Conversion and JTPA should be allowed. This is particularly true when an individual has the potential to gain reemployment in their current occupation through skill enhancement training. If labor market conditions indicate that prospects for gaining reemployment are poor, then skill enhancement training would not be appropriate.

Employers would benefit if skill upgrade training were an available activity on a broader basis. Conceivably, employers would be able to prevent layoffs and accommodate conversion if they could upgrade the skills of their current workers to meet new or different occupational requirements. Skill upgrade training is an allowable activity under the Defense Diversification Program (DDP), which targets large worker dislocations. In general, small employers do not lay off enough employees to qualify for a DDP grant. Therefore, they are not able to get assistance to retrain their employees.

5. If we permit flexibility in cost categories rather than a minimum of 50 percent for retraining, how do we prevent this from becoming an income transfer program? (Pages 8 and 9.)

If flexibility in cost categories were permitted, this would be part of the grant application. Grant applicants would have to show a need for the funds to be used in categories other than retraining and, if allowed, the proposed outcome. In addition, regular fiscal and program monitoring would be in place to assure workers were satisfactorily participating in programs designed to assure their reemployment. Program outcomes would continue to be used to measure the effectiveness of programs as a guide to funding future grants.

Permitting flexibility in cost categories would empower program operators to use funds in ways that would best meet workers' needs. If a significant number of affected workers are job ready and they only need skills assessment or job search assistance, it would be more efficient to spend a higher percent of funds for basic readjustment rather that retraining. If long-term training is needed to make workers employable, the option of allowing income support beyond that supplied in a program such as unemployment insurance should be allowed without regard to cost categories. Allowing program operators the flexibility to allocate funds among cost categories would not result in participants receiving a greater percentage of funds in income support. The amount of money received by an individual, through needs related payments, is not as great an incentive as the wage replacement that is created by becoming reemployed.

6. You mention the administration's proposal imposing a structure of "worker adjustment centers" for every area of every State. What roles should be given to States and localities in designing this new system? (Pages 10 and 11.)

Delivery of comprehensive worker adjustment services through Worker Adjustment Centers (WACCs) would be mandated if the Clinton administration's proposal is enacted. There are parts of the proposal which should be improved upon to assure that an effective system of service delivery is developed and implemented. Several specific issues regarding the roles of States and localities must be addressed before this proposal is finalized. These issues include:The proposal calls for designation of the WACCs via a competitive bid process. We believe States should retain the ability to designate substate areas and locations for WACCs. In places where cooperative relationships with existing local entities have been developed, States should be allowed to retain the flexibility to build upon those relationships in a collaborative approach to service delivery through the WACCs. Plans should be developed and prepared jointly by the State and local area entities for the substate area. States should have a role in designing State program policy and delivery, and be involved in developing a State plan which outlines State priorities.

States should retain the role of developing a methodology for fund allocation to substate areas and WACCs. In the administration proposal, substate areas would be allowed to distribute funds to WACCs based on local formulas which could create inconsistencies and inequities with regard to services. Also, States should be given the authority to recapture unused substate funds as opposed to having substate areas do so. This would allow the State to redistribute unused funds to other substate areas which have experienced unexpected economic downturns. In this manner States would be able to direct funds to the most needy substate areas.

A vital role in designing the delivery system includes the establishment of performance criteria and program outcomes. States should have oversight responsibility for the WACCs and be responsible for developing performance criteria and measuring programs and outcomes of the WACCs. Localities would be responsible for operation and maintenance of the centers and providing input on service delivery and performance measures.

7. How would you link dislocated workers with Federal job creation? Incentives? Set-asides? Or? (Page 11.)

One way of linking dislocated workers with Federal job creation would be to include a provision to set aside a portion of funds to train dislocated workers to perform tasks specific to proposed Federal projects such as toxic clean-up. Workers would then be used in projects under Federal supervision. Also, to boost the economy within enterprise zones, a certain level of Federal projects would be awarded to employers within the zone where presumably dislocated workers are in abundance.

Linkage to jobs would occur if provisions were introduced to allow local entities to propose economic development projects that target dislocated workers. These provisions would give local entities the flexibility to develop jobs and train workers for those jobs.

Another example would be to allow potential Federal contractors preference if they include a provision for hiring dislocated workers in their contract bid. Conceivably, this concept would be used in Technology Reinvestment Projects, Federal construction and transportation projects and other Federal projects which have job creation potential.

8. Can you provide this subcommittee with information regarding the success/benefit of your training tax? (Pages 15 and 16.)

Enclosed are materials that illustrate the types of programs and their outcomes operated through California's Employment Training Panel. For additional information, please contact Mr. Gerald Geismar, Executive Director of the Employment Training Panel. Mr. Geismar can be reached at (916) 654-9072.

Is there a statewide computerized job bank in California? Is there a support system for intrastate job relocation?

California has a statewide network of 200 Job Service offices throughout the State linked by an automated system called Job Match. This automated system electronically matches qualified job seekers with job openings placed by employers. This statewide network provides employers with quick access to a large pool of job ready applicants.

Through the Job Match system job seekers can apply for jobs throughout California but they are not provided financial assistance to help them relocate. Relocation expenses are paid for qualified unemployed insurance claimants participating in the TAA program. Displaced defense workers qualifying under Title III of the JTPA who are participating in the Defense Conversion Act or DDP may be provided relocation assistance.

10. When does California run out of State discretionary moneys each year?

The last two years, California has obligated all Title III Governor's discretionary funds by September 1. On July 1 of this year, California had $16 million in requests and approximately $4 million in discretionary funds available.

During the year, funds may become available because projects close or funds are disencumbered. At mid-year a review is conducted to check project implementation and progress. As a result, funds may be shifted to maximize use of resources on a timely basis.

I hope you find the responses to these questions helpful. Should you need further clarification or have other questions please contact me at (916) 654-8210. Again, I appreciate the opportuinity to testify before the subcommittee.

PRIVATE INDUSTRY COUNCIL
OF SAN FRANCISCO, INC.

MEMORANDUM

TO: JON WEINTRAUB **DATE:** OCTOBER 6, 1993

FROM: EUNICE ELTON

SUBJECT: YOUR QUESTIONS ABOUT PROPOSED TITLE III.

I'm sorry about the delay in responding; I've been out of the office six days and totally snowed under when there.

1. You asked how we have responded to small-employer layoffs.
Many employers (not all) do send WARN notices; the business sections of the major papers carry lay-off information;our friends in organized labor give us information and refer people to us; the Chamber of Commerce and the Mayor's Office refer questions and people to us. And stories in the press (as the one attached) reach a lot of individuals.

   We contact the employer, if that is our source, fill them in, offer to meet with the potential "victims" and do meet, generally. Those meetings also include the employment security people, who discuss job search and referrals, and unemployment compensation. At this stage the workers tend to be more interested in paying the mortgage than in occupational skills. We give them our location and phone number, and a basic written description of services available.

   Some eventually come in, and we take it from there.

2. You refer to my suggestion of a placement priority for persons being laid off.

   On page 2 I used the term "priority", and that really was a poor choice of terms.

   The Enterprise zones are areas in which an employer locates or expands, and gets various benefits, such as exemption from sales tax on purchase of new machinery, or low income loans.

   One of the major benefits, (federal, State, and local), is a tax credit (against payroll taxes) for hiring an individual who (1) is eligible for the federal jobs tax credit, or (2) is or has been a JTPA participant, or (3) is a welfare recipient. Eligibility is certified by (1) the Job Service, (2) those of us in the JTPA "system", or (3) the welfare department. It is very simple.

   What I should have urged is: any legislation for Empowerment Zones should provide benefits based on the hiring of JTPA participants or public assistance recipients. I'd also like to see that extended to the hiring of refugees or veterans trained with federal funds.

3. The cost category problem is really eating up our "increased" administrative cost allocation.

   I've put together, for our Council, a summary of a simple case of buying a typewriter, which results in the accountant, after fact finding, having to record those purchase costs in five places in his books, (copy attached Attachment A).

   Here is an example based on the work of a small CBO manager of how time must be allocated. At this time, with all our costs being charged to Program Year '93, his salary will be divided, each day, on a cost allocation sheet, as follows:

1049 MARKET STREET, 4TH FLOOR • SAN FRANCISCO, CA 94103-1634 • (415) 621-6853

__ hours ___ minutes spent on non-JTPA activities
__ hours ___ minutes spent on administration of his IIA basic contract.
__ hours ___ minutes spent on administration of his IIC contract.
__ hours ___ minutes spent on training costs, the IIA contract
__ hours ___ minutes spent on training costs, the IIC contract.
__ hours ___ minutes spent on training-related costs, the IIA contract
__ hours ___ minutes spent on training-related costs, the IIC contract
__ hours to other cost categories, such as time to go to the dentist.

The law is specific in saying you can't just make an allocation based on the proportion of dollars in the contract; no. Time must be charged specifically to the function that will benefit from his activities that day.

If this CBO manager takes on also a commitment to serve "IIA Older Workers", he has three more places to enter his time.

Soon we will know how much unexpended Program Year '92 money we can carry forward. We can parcel that out as IIA and IIC money for this CBO, but it can't be added into his PY'93 money. No, we get two more contracts (IIA and IIC) and he has a choice of at least 6 more places to allocate his time because expenditures must be recorded by year of appropriation.

Our basic time reporting sheets is attached as Attachment B. It includes some grants other than JTPA (Refugee and City and County of San Francisco, primarily.) But complex as it is, there is no place on here to record PY'92 charges; next comes the 15" time sheet.

Yes, I do recommend getting rid of the cost categories. We spend an inordinate amount of time completing these records, correcting mistakes, adding and allocating costs.

We could live with a two-part allocation:

— % for central administration
— the balance for program, whether spent by Central Administration or by program operators, regardless of function.

And we'd **love** to get rid of "accounting (forever) for expenditures by year of appropriation" that doubles, and could triple, our accounting detail.

4. My number 2 point on page 3 really refers to the fact that some people who are laid off fall through the cracks in the present Title III eligibility criteria. If the administration's bill replaces the present language I won't anticipate problems; if it just adds more limitations we'll continue with the present problems.

   The present difficulties lie in the several variables – unlikely to return to this occupation – laid off etc. etc.

   The two-year tenure screen will surely offer us trouble-someone will have 103 weeks, of course. But I'm not fighting that one until I see it in final form — if it is included.

5. On page 3 I suggest a diminished role for the State; that reflects a **lot** of present dissatisfaction. I've discussed, at the bottom of the page, the delays that result from having quality review twice – once at the state level, and again in Washington.

   There are delays which are the result of State administrative problems, but there are also these:

— the so-called "8% coordination" money is managed by the Department of Education in cooperation with the Employment Development Department. They use separate forms, separate boilerplate, and have yet to get their planning instructions to us prior to the start of the Program Year. Because they are written into the legislation, nobody has the power to force them into line.

— the State Job Training Coordinating Council sees its role as overseers of JTPA. They do not promote coordination with the other 22 employment and training programs in California; nor do they see a "big picture" role in economic development, or assimilation of immigrants and refugees.

My list of complaints is very long; it was easier dealing with DOL in the CETA days.

6. You asked **how** I would like to see California's allocation of discretionary money increased.

   I can't support a "formula" allocation by DOL since San Francisco has been deprived for years by the use of an unfair and discriminatory DOL-sponsored unemployment rate computation. We've screamed and yelled; we've pointed out that DOL supports two separate unemployment rate computation systems; and the one used for San Francisco is the **low** one. No action. So my trust level is low.

   I believe, however, that the state should be able to present a case for California, one time, since everyone recognizes our special current economic difficulties, and get some $s (in the millions) awarded for Sacramento to parcel out in its wisdom to local operators. It should not be necessary for everyone of the SDAs with a crisis to write the same full-scale justifications and respond to the "conditions" attached from Washington. Let Sacramento fight the argument once, instead of 30 SDAs.

7. Rapid response funds (page 4) **could** be allocated by formula. Or they could stay in Sacramento, subject to requests from the SSGs. We're having to operate now under the fiction that the State does rapid response. It should not have to be a fiction, with reality prohibited in the legislation.

8. It is true that we are thoroughly fed up with micromanagement of JTPA from DOL, the law itself, or from the State. I'd like to see the law specify policy – "there shall be maximum effort to provide a full range of informed services and information provided to the unemployed by the SDA administrative entity". Then ask the PIC to flesh out the policy, and arrange for administration.

   Please, what should **not** be in the law is operating detail.

9. Finally, in response to your questions, we see present duplications – the veterans' administration, for example. Discretionary grants are made routinely by the State and DOL, duplicating services already available through the SDA or Job Service, without requiring even coordination.

   Now I see the Department of Education about to put out an RFP to solicit proposals for Youth Employment Centers and their advance notice in the Federal Register doesn't even mention the Department of Labor or SDAs. Many of the worst duplications are at the State level. But there are employment components funded by HUD, for example.

   If the SJTCC were doing its job, many of these components could at least be speaking to each other.

Jon, Since you opened the door, I'd like to shove in two more complaints.

1. Title III and DCA funds can serve the same people. As we've noted, getting DCA money is **slow**. The logical thing to do would be to start funding the training with whatever funds we can – local funds, Title III, or whatever.

   But if we do **we are not allowed** to transfer those costs (and accomplishments) to DCA when the DCA grant **finally** comes in. We can miss the start of a training class or a semester; or we can use up our EDWAA monies trying to be fair to people.

2. As my final attachment, #C, there is a summary of what the present Title IIC law and Interim Final Rules have done to on-the-job training for youths.

   OJT is our most effective training – best placement rate, best retention rate; best consumer satisfaction. We've kept it clean and honorable.

   But it's practically "out" for a 21-year-old, though OK and only loosely constrained for a 22-year old.

Jon, please fix.

cc: Ray Holland

★ Monday, September 27, 1993

San Francisco Examiner

BILL
MANDEL

Job retraining — sometimes it works

MARY PEABODY loved her bank job, but, like many modern jobs, it didn't love her back. One day her job just walked out the door. Ten years handling new accounts, and suddenly the granite parachute.

"The bank's only parting message to me was 'goodbye,' " said Peabody. "Oh, I was invited to a resume writing course — in Stockton."

Peabody lives in San Francisco.

Thus Peabody joined the 33,800 Bay Area residents who, according to the state Employment Development Department, lost their jobs in the last year.

It was time for a 1990s watchword — job retraining.

"I was really scared," the 34-year-old Peabody recalled. "All I heard in the media was about layoffs and no jobs."

Peabody turned to the Employment Development Department, but "they were no help," she said.

She signed up for a word-processing course at a vocational school. One day, staring at her keyboard, Peabody saw a sticker that hadn't been there before: "NEED JOB RETRAINING? CALL PIC."

PIC is San Francisco's Private Industry Council, a nonprofit agency that spends federal job retraining money. Last year, the council used about 1 million federal dollars to retrain and place 900 San Franciscans who'd lost their jobs.

"Job retraining." We hear it a lot. Those hundreds of thousands axed by military base closings, defense cutbacks, corporate downsizing, NAFTA — "job retraining" is the promised panacea. But can so many really be retrained? Are there really that many decent new jobs?

"It's a lot easier for government officials to promise (jobs) than for communities to deliver," said council President Eunice Elton. "All we can do is work with people one by one. There are jobs, one here, one there. There's a screaming demand for workers with backgrounds in chemistry and physics. Those jobs are going begging."

I asked Elton how much these jobs pay.

"About $8 an hour," she replied. "But don't forget: Young college graduates are a dime a dozen."

PIC's current focus is on workers laid off by San Francisco department stores, banks and the Presidio, where 3,500 civilian jobs will have been terminated by September 1994.

Among those the council has helped recently is Peabody, who counts herself lucky to have seen the PIC sticker on her computer keyboard.

She contacted PIC and at government expense was enrolled in a $4,100 "medical business and clinical specialist" course at the National Education Center on Market Street. After graduating the seven-month program, Peabody was placed at UCSF's HMO office, where she now earns $2,150 a month processing insurance forms, a raise of $600 a month over her bank job.

"It was frightening at first, because I expected nothing to happen," Peabody said. "But it worked out for the best."

Experts interviewed for this column agree that the jobs of the near future are, among others, dispensing optician, dental and medical assistant, lab technician and computer repair person. Auto mechanics, nyet. Bilingual workers are particularly in demand.

"The big trend, which is not promising, is that employers are replacing permanent workers with temporaries," said Doug Perron of the state Employment Development Department. "We saw an increase of 2,100 temporary office workers in the Bay Area between July '92 and July '93."

Ruth Reed, who teaches the medical business and clinical specialist course at the National Education Center, bridles at the suggestion that paper pushing is the main job of the future.

"Society is organized around rules and forms," she said. "Even if you want to make light of it by calling it paper pushing, it's still essential."

Former Presidio employee Donna Chappill, 32, of Oakland, is a PIC-financed student in Reed's class. After 10 years as an accounting technician, Chappill was laid off by the Army in January.

"I always wanted to go into the medical field, but I could never afford it," said Chappill, who is a month from graduation and has already started interviewing for jobs. "I hung onto my Presidio job even though I knew I'd be laid off because I liked working for the government. But I think getting laid off was a blessing in disguise. Before, I was too scared to make a change. Now that I've been forced to learn something new, I'm happy."

ATTACHMENT A

The Jiminy Crickets company trains clerical workers using JTPA funds primarily, but also has a contract with OCD. They buy a typewriter for $300.

1. Part is allocated to the OCD contract, based on 1/6 usage for OCD. $50.
2. The remaining $250 in charges are JTPA costs.
   a. What is year of appropriation of the money being spent? PY '93, all of it.
   b. Which JTPA contract draws these costs? About 10% of persons served are youths, but since they have to learn typing from scratch, and adults frequently have typing skills, we'll assume 20% ($50) is to be charged to IIC contract, and $200 to IIA, the basic program.
   c. The typewriter will be used for training (both youths and adults), but also for administration of the program, when things must be typed. Taking the $200 for serving adults, the director's best guess is that half of its use is for training ($100 cost category charge to training, IIA basic contract), another $100 to administration, in IIA basic contract.
   d. The $50 chargeable to the IIC (youth) contract would then be $25 to administration and $25 to training.

   In sum, in this simple case this one typewriter is charged against 3 contracts (OCD, IIA and IIC JTPA), and in the JTPA contracts each has charges to 2 cost categories. There are 5 bookkeeping entries and several sets of "informed guesses" about how the equipment will be used.
3. If, in our initial planning, we ask them to take on a Title IIA Older Worker component, then there is another set of allocations to administration and training.
4. In November there could be an allocation of PY '92 monies. This won't affect the costs already recorded for purchase of the typewriter.

   But if we're renting (space, equipment, or anything with recurring charges), then the assumption of any additional grant or contract changes all the monthly entries, particularly those related to the actual functioning of Jiminy Cricket — such as staff costs.

   By now personnel in this example can be charged to:

IIA Basic Administration	PY '93	IIA Basic Administration	PY '92
IIA Basic Training		IIA Basic Training	
IIA Older Worker Admininstration		IIA Older Worker Admininstration	
IIA Older Worker Training		IIA Older Worker Training	
IIC Youth Administration		IIC Youth Administration	
IIC Youth Training		IIC Youth Training	

   We're up to 12 entries, not including any services to Dislocated Workers under Title III.

   And the rule is that you can't just set a pattern. Time is to be charged by staff specifically to the grant, year, and activity that "benefits" from it.

ATTACHMENT B

PIC TIME DISTRIBUTION

NAME ______________________ MO/YR ______________

GRANT	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL	
JTPA ACP Admin. Cost Pool																																	60
78% ADULT YOUTH Intake/Training																																	61
8% SECG GAIN Intake/Training																																	62
8% SECG SFAC Intake/Training																																	63
6% INCENTIVE Intake/Training																																	64
5% OLDER WORKERS Intake/Training																																	65
II A 77% BASIC ADULT Training Related																																	66
II A 5% OLDER P. DIV Training Related																																	67
II C 82% BASIC YOUTH Training Related																																	68
II A/C 8% SECG GAIN Training Related																																	58
III (40%) GENERAL Rapid Response																																	57
III (60%) FORMULA '92 Basic Readjustment																																	59
III (60%) FORMULA '93 Basic Readjustment																																	60
III (DCA) PRESIDIO Basic Readjustment																																	61
MOCYF CHILDREN'S PIC Administration																																	63
PREP "J" MINI-STEP SYS Mentor/Tutors																																	64
STEP (JTPA II A "6%") SYS Mentor/Tutors																																	67
STEP (JTPA II A/C "8%") SYS Mentor/Tutors																																	68
LABOR MKT INFO S/L Cooperative III																																	69
REFUGEE TA Targeted Assistance																																	70
REFUGEE RESS Ref. Empl. Soc. Svcs																																	71
REFUGEE MAA Mutual A. A. Incentive																																	72
Other (Specify)																																	
ADMIN UNIT ONLY Allocated Hours (pr.)																																	
VACATION																																	5
SICK LEAVE (PAID)																																	6
HOLIDAY/OTHER *																																	7/8
COMP TIME																																	9
REDUCED WORKING HOURS (Unpaid Time)																																	

* "Other" includes Accumulated Flextime, Jury Duty, and Administrative Leave

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	MONTH TOTAL	
DAILY TOTALS																																	15

Employee ______________________ Supervisor ______________________ Timekeeper ______________________ PIC 136A (Rev. 10/1/93)

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DEFINITIONS

JTPA ACP (Administrative Cost Pool). Activities related to the overall management and administration of ALL JTPA programs, including program coordination, planning, contracting, monitoring, managing information, personnel, accounting, payroll, purchasing, etc.

JTPA Title II-A 78%, 8%, 6%, 3% Intake/Training. The "Old Rule, Old Money" activities associated with the participants **carried into PY'93** in the "old" 78%, 8%, 6%, and 3% grants.

8% SECG Assessment Center (SFAC). Reception, intake, eligibility determination, pre-assessment coordination, counseling activities, etc., performed in support of the CCSF Assessment Center.

JTPA Title II 77%, 5%, 82%, 8% Training Related The "New Rule, New Money" activities associated with the participants enrolled **after 7/1/93.** These activities include outreach to participants and employers, intake and eligibility determination, supportive services coordination, job search, job development, job placement services, follow-up, etc. Time spent supervising these activities should be charged here too.

JTPA Title III General Rapid Response (RR). Orientations, seminars, etc., associated with any **group** of displaced workers.

Title III EDWAA Basic Readjustment (BR). Service to any **individual** such as outreach, intake, readjustment planning and assistance, vocational counseling, testing, orientation, assessment, occupational skills determination, job placement assistance, job search, job clubs, job development, pre-layoff assistance, programs in cooperation with employers or labor organizations to provide early intervention in the event of closures of plants or facilities. **'92 refers to participants enrolled prior to 7/1/93; '93 refers to those enrolled after 7/1/93.**

DCA Presidio Basic Readjustment (BR). Same as above except limited to services to Presidio of San Francisco civilians only.

MOCYF Children's Fund — PIC Administration. Administrative activities associated with any of the MOCYF contracts (Mini-STEP, Arts, etc.).

PROP. "J" MINI-STEP — SYS Mentor/Tutors. PIC payrolled employees assigned to the SFUSD to assist 13 year olds enrolled in the STEP program.

STEP JTPA (II-A "6%")— SYS Mentor/Tutors. PIC payrolled employees assigned to the SFUSD to assist 14-15 year olds enrolled in the Summer Training and Education Program (STEP) program.

STEP JTPA (II-A/C "8%")— SYS Mentor/Tutors. PIC payrolled employees assigned to the SFUSD to assist 14-15 year olds enrolled in the Summer Training and Education Program (STEP) program.

Labor Market Info. ("State-Local Cooperative III"). All activities associated with the third LMI contract.

Refugee TA-Targeted Assistance. All activities associated with the Refugee Targeted Assistance Programs.

Refugee RESS. All activities associated with the Refugee Employment Social Services grant.

Refugee MAA. All activities associated with the Mutual Assistance Association Incentive refugee grant.

Other: Other write-in projects to be completed only at the direction of your supervisor.

Admin. Unit PC Hours. To be completed only by the staff of the PIC Administration Unit.

10/1/93

ATTACHMENT C

MEMORANDUM

TO: GEORGIA LEE, SJTCC **DATE**: SEPTEMBER 27, 1993

FROM: EUNICE ELTON, PRESIDENT

SUBJECT: YOUTH OJT

At the SJTCC Youth Committee hearing I commented that the law and regulations are almost prohibitive, with respect to OJT for youths. This memo is intended to explain my concerns.

1. **Problem**: A youth OJT commitment must pay a wage at least as high as the average wage paid under Title IIA in the previous year; and have career advancement potential.

   Comment: On the face of it, it seems ludicrous to expect every youth to start at a wage as high as the wage paid, on the average.

   Let me present the San Francisco case. The current year goes like this:

   > The average wage in PY'92 (the only complete prior year) was $6.84 an hour in Title IIA. IIA in PY'92 included **both** adults and youths.
   >
   > But $6.84 an hour is above the usual starting wage for a youth. Our contractors are experiencing difficulty in developing contracts at that rate of pay.

   Next year, with the average IIA wage including only wages paid to adults, the cut-off will be well above $7.00 an hour. Unless inflation goes into very high gear, that wage will be totally out of sight for youths.

2. **Problem**: The legislation specifies that the training to be given in OJT for a youth must include, not just vocational or other skills required on the job, but also remedial education and world of work.

   Comment: Almost all of our OJT contracts are with small employers (smaller than 50 employees) or even smaller ones, (fewer than 10 employees). Employers of this size do not have training or personnel staff equipped to do remedial education and life skills education.

   But they are where the hiring is and where job potential lies.

3. **Problem**: OJT for a youth who has not been graduated from a high school or earned a GED must require that youth to enroll in an educational institution.

   Comment: While this is a dandy do-good idea, it is not always feasible because of school schedules, personal problems, or physical locations to work that out. It is just one more obstacle that makes this disadvantaged youth even more disadvantaged. (No such time-consuming requirement is placed on a youth in a classroom training situation or on an adult.)

You will find all this stuff in the law, Title II, Sec. 264, c, (3)(C) and in the Interim Final Rules 628.804, (j)(1) and 628.803 (b).

It is just as though the intent were to deny on-the-job training to anyone younger than 22.

EMPLOYMENT
TRAINING
PANEL

State of California

461

EMPLOYMENT TRAINING PANEL

Mission Statement

The Employment Training Panel provides funds to train eligible unemployed or potentially unemployed California workers in job related skills training. By coordinating its efforts with business, labor, other state agencies and local government, ETP training programs are designed to:

-Respond to emerging business and economic trends;

-Provide California business and industry with workers who have the transferrable skills necessary to obtain or retain a good job at a reasonable wage;

-Assist California workers to obtain skills that provide career mobility and long-term job security;

-Attract new business and industry to California and encourage existing companies to remain in the state and to expand;

-Encourage business to sustain and improve a skilled and productive workforce;

-Strengthen the California economy by helping employers to become more productive and to maintain their competitive edge in the global marketplace.

9/8/93

The Employment Training Panel

Ted W. Dutton, Chairman

Elinor Glenn, Vice Chair

Stephen J. Mack, Member

Yvonne Nix, Member

James L. Quillin, Member

Pat Williams, Member

Gerald G. Geismar, Executive Director

Dolores Mangine, Assistant Director

Peter G. DeMauro, General Counsel

Pete Wilson, Governor

ETP: A Brief History

In 1982, the California State Legislature created the Employment Training Panel (ETP) as a cooperative business-labor program to retrain workers. It was created in a year of rising unemployment and declining resources for employment training and vocational education. ETP was to fund training that meet the needs of employers for skilled workers and the need of workers for good, long-term jobs. It was also created out of a recognition of the critical role that retraining can play in mitigating the impact of an economic transition on both workers and employers.

This employer-supported training is used to better the economic climate by training new workers for employers and by retraining workers in danger of being displaced as a result of the recession, technological advancements in the workplace.

New legislation re-authorizing the ETP program, effective January 1, 1994, places more emphasis on training for companies facing out-of-state competition, those striving toward a high-performance workplace and training frontline workers. Once signed by the Governor, the law will extend ETP through January 1, 1997.

A Job at the End of Training: A Must

No funds can be earned until and unless training is completed, the trainee is hired in the job for which he or she was trained, and is then retained in that job for at least 90 days.

ETP Today: The Panel's Challenge

The ever changing California economic environment continues to challenge the Panel as it strives to contribute to the economic health of the state by funding critical job skills training. The Panel faces many new demands as California confronts its economic realities: (1) a continuing rise in unemployment among aerospace and defense workers; (2) military base closures throughout the state, (3) mergers in the financial services industry that will displace thousands of employees; (4) large businesses down-sizing; and, (5) a heightened awareness of the critical need for basic literacy skills throughout the workforce.

TABLE-A
CHANGE IN AVERAGE ANNUAL
EARNINGS BEFORE AND AFTER
PANEL TRAINING

	*Earnings Before	*Earnings After	Percen Change
New Hire			
Completers	$12,057	$19,456	+61
Drops	$12,442	$10,153	-18.4%
Retrainee			
Completers	$26,706	$28,321	+6
Drops	$26,369	$24,223	-8.1%

*The gains in earnings shown are adjusted earnings and represent increase beyond inflation. This is particularly remarkable given that in Californi average wages were falling during this period.

Funding

ETP programs are funded by the Employment Training Tax. Each private, for-profit California employer pays one tenth of one percent (0.1%) of the first $7,000 of wages of each employee subject to unemployment insurance taxation which translates to an annual maximum of $7.00/employee. Approximately $95 million is available for training during fiscal year 1993-94. (A summary of what the Panel approved for Fiscal Year 1992-93 is on page 6.)

Effectiveness of ETP Funded Training

Two major studies on the effectiveness of the Employment Training Panel were conducted during the 1991-92 fiscal year. The focus of the first evaluation was to comply with the statutory requirement for an impartial, independent evaluation of the extent to which ETP and its programs had met its stated goals, and to assess the efficiency and effectiveness of the Panel's administrative and organizational process. The second study was initiated in response to a legislative directive that the Panel evaluate the effectiveness of ETP funded training in increasing employment security, increasing workers' wages, and improving the California economy.

The findings of the studies confirmed that ETP has provided both direct and indirect benefits to California business and workers:

- ETP has had a significant impact on the earnings of both new hire and retrainee completers. (See **TABLE-A** for a summary)
- ETP training reduced the likelihood of unemployment for both new hires and retrainee completers.
- ETP has had a substantial impact on California's economy, beyond the increased earnings of participants. (See **TABLE-B**)

TABLE-B
BENEFITS TO CALIFORNIA'S ECONOMY, BUSINESSES & WORKERS

Estimated total impact of **$71 million-$1.1 billion** in first year after training

UI payments reduced by about **$5 million** in first year after training

Estimated **$172-257 million** in savings related to the value of jobs that would have been temporarily lost due to lack of training

Increased productivity of **$66 million** as measured by changes in earnings

Each $1 invested by ETP generated an annual return of $7 in economic activity

Leadership and Administration

The seven Panel members are appointed by the Governor and the leadership of the Legislature, and have backgrounds in business or labor. The Panel programs are administered by an Executive Director who is also appointed by the Governor.

Eligible Contractors

To be an eligible contractor, an employer must be subject to the Employment Training Tax. The Panel also contracts with groups of employers (a consortia), training agencies, joint apprenticeship training committees, unions, foundations, private industry councils and regional occupational programs.

TABLE-C
TOTAL PROGRAM PERFORMANCE
as of Sept. 8, 1993

Contracts Approved	1,711
Amount Earned	$379.2 million
Trainees Hired	169,415
Average cost per person trained	$2,238

Eligible Trainees

Eligible trainees are persons who are unemployed and have established unemployment insurance claims or who have exhausted their benefits within the previous 24 months and are currently unemployed. Current employees, can also be eligible, if they are covered by unemployment insurance and are in danger of layoff during the next two years.

Employers and Unions

If there is a collective bargaining agreement covering the employees, unions must be involved in the design of the training program. The employer and the union often work together to determine who will be trained, how the training will be conducted whether in a classroom, on the job or in a laboratory setting or a combination of these. The employer also decides who will conduct the training, and they are free to select any qualified training vendor which might be public or private school, a consultant, union trainers or in-house trainers.

For Information:

For further information or assistance, call or write to:

Employment Training Panel
800 Capitol Mall, MIC-64
P.O. Box 826880
Sacramento, CA 94280-0001
(916) 653-1530

PROJECT COMMITMENTS SUMMARY
Fiscal Year 1992-93

233 contracts approved
$91 million approved for training
52,000 persons targeted for training
3,900 new hire trainees
48,100 retrainees
$1,750 average cost per trainee

CONTRACTS

154 **contracts** (66% of all contracts) target primarily small employers (fewer than 250 employees).

99 contracts are directly with small businesses.

55 are consortia contracts. Consortia contracts are designed to serve multiple,primarily small, businesses.

Approximately **$55 million** or 60% of the funds approved targets small businesses.

TYPES OF TRAINING

Most frequent types of vocational training approved are:

1. Total Quality Management, Statistical Process Control, and Manufacturing Resource Planning
2. Management Skills
3. Office Automation
4. Customer Service

JOB-LINKED LITERACY TRAINING

54 Contracts with a Literacy Component Approved
$2.8 Million Committed

2,700 Trainees in VESL for **$2,400,000**
2,300 Trainees in Basic Math for **$400,000**

THE NEW YORK TIME NATIONAL FRIDAY, NOVEMBER 27, 1992

California Leads Way in Retraining Workers With Dated Skills

By PETER T. KILBORN

Special to The New York Times

SANTA CLARA, Calif. — For almost four years, Mark H. Johnson was a chemical technician for a microfilm company, doing skilled work that paid him a good salary of $30,000 a year. But the three shifts were cut to two, and he was on the third. Soon he landed another skilled job paying $27,000, as a high-speed packaging mechanic. But a year and a half later production was cut, and with it Mr. Johnson.

So about five years ago, Mr. Johnson joined the ranks of the underemployed, settling for a series of low-wage jobs because his talents were no longer valued enough to assure him a secure and well-paid position.

Rescued by Retraining

But now, at 37 years of age, Mr. Johnson has found the right job: machining, a vital craft for manufacturing industries. What rescued him was an innovative retraining program that the State of California offers to tens of thousands of workers each year.

About one million experienced workers nationwide are laid off every year as the economy undergoes a fundamental restructuring and finds itself needing employees with newer and more sophisticated skills. President-elect Bill Clinton has made job creation and retraining central elements of his plans for economic growth. Among those needing new jobs are workers with outdated skills like Mr. Johnson.

If the nation is to stand up to international competition, experts say, the economy needs more skilled workers. But, they add, most state and Federal programs intended to help those with waning skills are small or ineffective.

Success in California

California seems to be an exception, as Mr. Johnson and 150,000 other workers have found over the 10 years since the state Legislature established the retraining program.

In 1990, Mr. Johnson went to work for McNeal Enterprises, a thriving machining shop of 25 employees in this recession-worn Silicon Valley town. He started at $8 an hour. Now he makes $11, or $22,000 a year, and he can aspire to $40,000, the salary of McNeal's top machinist.

Machinists make pieces of machines and whole machines that make machines. They fashion the models of industry's new products, along with the tools and molds to produce them. On the job, Mr. Johnson shapes fist-sized chunks of clear plastic into the core components of medical devices, like blood analysis instruments used in testing for AIDS.

"It's good work," he said. "It's clean work. It makes you think. You work with numbers all the time. Degrees. Circumferences. All kinds of numbers. You're actually creating something. You look at a blueprint and make it into what the blueprint calls for."

Help for the Skilled

The California Legislature created the Employment Training Panel for experienced workers like Mr. Johnson, not the chronically unemployed or the unskilled youth that other programs help with more basic training.

Some other states, like New York, Illinois, Maryland, Delaware and Alaska, have retraining agencies, but they are much smaller and less comprehensive. Just this year, New Jersey started a program intended to approach the scope of California's. And through the Job Training Partnership Act, the Federal Government also tries to retrain laid-off workers. But California has achieved the most impressive results, experts say.

The program starts with a hard-nosed assumption that reverses the wisdom of the 1970's and early 80's. It does not try to turn middle-aged blast furnace operators into advanced computer programmers. Some people like Mr. Johnson are taught completely new skills, but only after passing aptitude tests. More often, the program tries to beef up the workers' existing skills long before they lose their jobs.

"Interestingly, the most effective training is for people who are working," said Anthony P. Carnevale, chief economist of the American Society for Training and Development, an organization of training professionals.

The Overview

Skills Change With Economy

As the American economy evolves, there is widespread agreement that if Government wants to create more employment opportunities for everyone, it must do a better job of retraining experienced workers whose skills have grown less valuable. Unlike the old days, when an auto or steel worker knew his abilities would be needed through his working life, now few businesses stand still, and Americans who do not master new skills are at the mercy of foreigners who do.

"We have a rapidly changing economy where workers' skills have been getting out of date," said Evelyn Ganzglass, director of employment and social policy studies at the National Governors Association.

A result is the erosion of the standard of living that Mr. Clinton repeatedly mentioned in his campaign. Workplace skills are not the only problem. Inattentive corporate management, Federal economic policy and the general weakness of the economy affect the nation's competitiveness, too. But the huge deficit in foreign trade is in large part a measure of the deficit in workplace skills. By learning new skills, employees raise their productivity, which means they produce more and better goods and services without working harder.

"We want to step in to train people to be more productive while they are working," Ms. Ganzglass said. "That's our big aim, and the kind of training that works best."

Training for 50 Million

Of 117 million working Americans, it is hard to say how many need retraining, though certainly the one million employees whom waning industries let go each year ought to be counted. Mr. Carnevale also estimates that 50 million workers still on the job need additional training. In factories, machine operators need to master computerized equipment, and office workers need to learn the ever-expanding abilities of their computers.

Government now does little to meet those needs. The largest Federal program, the Job Training Partnership Act, falls well short, experts say, offering no training for employed workers who do not face imminent layoffs and reaching only 30 percent of the one million people who do lose their jobs to plant closings and permanent layoffs each year. For those, it pays for a range of subsidized training programs, job counseling and unemployment benefits.

Assessing the program's performance is difficult. The General Accounting Office found that 71 percent of the workers who entered one part of it in 1990 were in new jobs 90 days later, earning an average of $8.64 an hour. But it could not ascertain how that compared with the pay in their former jobs.

Bob Cook, a public policy analyst in Boston, said the Federal program is most effective when administrators get involved in a company before a plant closes. But Linda G. Morra, director for education and employment issues at the accounting office, said the programs usually do not reach workers until three or four months after they lose their jobs.

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California

Innovative Project With Possibilities

It is hard to gauge the extent to which California's program helps the economy. The state is in a deep recession; unemployment stands at 9.4 percent. Nonetheless, in giving people new skills — about 30,000 are now in retraining programs — the state may be helping lay the ground for a robust recovery.

Advocates say the California program is an obvious model for the Federal job training program that Mr. Clinton says he will propose. And it does seem to be consistent with the President-elect's promises to go easy on taxpayers and the budget deficit. To pay for its program, California skims off a tenth of one percent of the unemployment insurance premiums that employers pay to support workers who lose their jobs.

The program works, experts say, because of the discipline the state imposes on the companies and training schools that receive its subsidies. The state training panel requires that each trainee land a job using his new skills and hold that job at least 90 days. If not, the state takes back all the money it paid to train him — even if the trainee dies during the course. Studies show that about 70 percent of the participants fulfill the state's requirements.

"Start bending that rule, and where do you stop?" asked Gerald Geismar, the panel's executive director. The Federal Government sets performance goals for its programs, too, but none are as rigorous.

Cheryl Strecher, president of a consulting firm in Los Angeles that studied the program for the California Legislature, said, "We came to feel that this is the kind of program the Government should be doing more of."

Better Results

Graduates of the California retraining projects do better than those in Federal programs. Richard W. Moore, a professor at California State University at Northridge, followed 46,948 workers who took part in state-financed retraining projects that ended between mid-1988 and mid-1989.

Among workers who retrained while still on the job, he found that those using their new skills a year later were earning an average of $28,538, or $3,807 more than they had before. And the formerly unemployed workers were earning an average of $19,358 a year, or $8,283 more than they had in their previous jobs.

Still, Professor Moore and Ms. Strecher say there is room for improvement. They say the training panel should be more of a tool of industrial policy, to guide the state's growth. Instead, they say the panel sometimes bends to pressure from local legislators trying just to keep people on the job.

In addition, employers who try to take part are ensnared with so much red tape that in 9 of the last 10 years, the panel has been unable to spend all of its annual budget, currently about $97 million.

Some analysts also suspect that some well-off companies are given aid, even though they probably have the resources to retrain their own workers. Indeed, Mr. Geismar says, "We don't look into financial performance." But he said a company does have to meet its performance guidelines and show a need to protect or save jobs through retraining.

Besides, he said, the money — the unemployment insurance the companies pay — is theirs anyway, not the taxpayers'. Barbara Hanscom, head of the panel's San Mateo regional office, also contended that intervening early, before a company is on the ropes, averts bigger spending later.

FMC Corporation

Seeking New Skill After Cold War

If not for the California training program, the Ground Systems Division of the FMC Corporation would be a bleaker place. A large and diversified company, FMC makes Army tanks like Bradley Fighting Vehicles and M113's. But the tank business in the post-cold-war era is sinking fast.

From a peak employment of 7,000 in the mid-1980's, the division has shrunk to 3,000. In two more years, it expects to stop making tanks altogether, abandoning most of the plant's blue-collar workers and many of its engineers.

Ted Krekelberg, a 36-year-old mechanical engineer earning $48,000 a year, is nervous about the future, which is not surprising given his experience at FMC.

He had been helping to design a common chassis that would serve a variety of armed vehicles. But the Army abandoned it in early October. He was then reassigned to work on a lightweight tank that could be dropped from airplanes. He has helped make six of them, and the next step would be an order for 300 more. But he knows that order may never come. So Mr. Krekelberg has begun thinking of other work.

"My objective is to get out of defense systems," he said.

Hopes for Retraining

That hope hinges on the training he has been receiving for more than a year, as part of the Employment Training Panel, which is spending $2.5 million to retrain workers at FMC. The company says it is spending $13 million of its own, and through the Job Training Partnership Act, the Federal Government is providing $1.5 million more for related programs.

Mr. Krekelberg is learning computer-aided design, known as CAD. It lets him plot his design for a tank's component into a computer, then allows him to see how the component looks in three dimensions and how it fits in relation to the designs of other components. Everyone helping to design the tank can see instantly how their work affects that of other designers.

"There is a major requirement for CAD skills in the commercial sector," Mr. Krekelberg said. "The jobs are out there."

He reaches into the desk drawer where he keeps a sheaf of advertisements for engineers. One seeks candidates for an engineering job that would require him to pay for his health insurance and his pension. In addition, the job could end in a couple of years. But it would pay between $80,000 and $100,000 a year.

That might interest him, he said, and with his new training he believes he could become a strong candidate.

Solectron Corporation

Training Workers For Better Results

Sales of the Solectron Corporation, near Santa Clara in Milpitas, have soared right through the recession, from $93 million in 1986 to $407 million in the 1992 fiscal year, and its profits have climbed even more. State-subsidized retraining is a good part of the reason, executives there say. Without it, they might have had to lay off some workers.

Solectron's 3,500 employees assemble printed circuit boards, which are sold to firms like I.B.M. and Apple.

In 1986, as the quality of its products slipped, Solectron suffered a $3.2 million loss and ordered a large layoff. Management decided that to survive, the company needed a more reliable production system, known as statistical process control. To learn it, the workers would need special training.

"We used to have a buddy system," said Richard W. Allen, the company's director of quality assurance. "You would sit with someone and watch what they were doing. That's how you would learn what to do." But as the complexity of the boards increased, employees were not able to do the job properly. "We could have hired other people," he said. "Instead we chose to train our own."

Toward that end, the state provided $1.4 million to subsidize a two-year training project for about 800 employees. That one has been completed, and with $650,000 more, it is training another 800. The subsidy is less this time because the training panel expects the company to assume all its training costs eventually.

At work stations along the production lines, computers continually sample the work and print out their measurements so operators can see instantly when something has gone awry. They can then adjust the machinery to prevent mass production of defective boards.

Anna Ramos, 55, a graduate of the introductory course, sits at the end of a line that makes boards for computer tape drives. She is a quality inspector.

"I inspect for soldering, the height of parts, the values of the parts," she said, seeming confident of her contribution to Solectron.

A chart near her testing bench shows why. In early July, it says, when the company began producing the tape-drive boards, 4,000 parts per million were defective. By Aug. 4, the rate had dropped to 378.

Machining School

Out of Work, But Optimistic

Workers who lose their jobs are the hardest to help. Living on only their unemployment benefits, typically half their former pay, most of them spend their days looking for another job, leaving them with little time for retraining classes.

But about 1,000 apply each year for the four-month courses at Mr. Johnson's alma mater, the training center of the National Tooling and Machining Association in Santa Clara. Bert H. Shuster, the executive director, says about 100 are accepted.

The current class is a cross-section of the state's unemployed. Some are young, but most are skilled older workers. John Coyle, 52, was laid off from one engineering job that paid $56,000 a year and then from another paying $45,000. John Kovalski, 46, was a technical support manager paid $52,000 until he was laid off. And Nancy Nielson, 41, earned about $30,000 as a survey map maker and structural designer in the now-moribund construction industry.

Now all of them see machining as their best hope for jobs paying more than the minimum wage. Mr. Kovalski expects that in four or five years, he will be be earning up to $14 an hour, just over half his former earnings. Still, as a machinist, at least he expects to survive recessions.

"Middle management is not a good place to be," he said.

For all these students, California's retraining program could pay off. "We're in a desperate situation," says Bob L. McNeal, Mark Johnson's boss and president of McNeal Enterprises. "There's not enough young ones. I just ran an ad for a machinist-plastics fabricator. I ran it for 14 days. I had 66 applicants. Eleven I felt I could talk to. Two were qualified. I hired one."

Ted Krakelberg hopes retraining can get him out of the depressed business of designing military systems. He is learning computer-aided design, which allows him to see how a component looks in three dimensions and how it fits in relation to other components.

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THE GREAT SEAL OF THE STATE OF CALIFORNIA

THE EMPLOYMENT TRAINING PANEL

Ted W. Dutton, Chairman

Elinor Glenn, Vice Chair

Stephen J. Mack, Member

James L. Quillin, Member

William R. Vera, Member

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Pete Wilson, Governor

December, 1992

The Employment Training Panel has completed its ninth year of operation, and is pleased to share its 1991-92 Annual Report with you.

The continued rise in unemployment, businesses moving out-of state or closing their doors, and the fundamental restructuring of the State economy demand a more skilled workforce to improve California's business productivity, competitiveness, and viability. This Annual Report describes the Employment Training Panel's activities and accomplishments during fiscal year 1991-92, in funding training to improve California businesses productivity and competitiveness while promoting job security for workers.

ETP actions during the report period reflect an increased effort to: 1) approve more money for training; (2) increase the amount of funding for job-linked literacy training; and, (3) continue prioritizing contracts seeking to serve small businesses. The result of these efforts include the approval of 231 contracts for a total amount encumbered of $82.6 million, compared to 93 contracts for $52.3 million in fiscal year 1990-91. Forty-thousand individuals are targeted for training with these funds, 35,182 retrainees and 4,818 new hires. Funding of training for small businesses increased by 67 percent, and for job-linked literacy training by over 60 percent from the previous year.

The Report also includes the findings and recommendation from two major program evaluations. The studies found that ETP has had a significant impact on increasing the earnings and reducing unemployment for trainees. Earnings after completion of training increased by $7,400 for new-hire trainees, and $1600 for retrainees likely to be laid off without retraining. In addition, for every $1 dollar invested in ETP training funds, the State receives an annual return of $7 in additional economic activity generated by the increased earnings of Panel trainees. The Panel is pleased with the findings of the studies which validate the effectiveness of the ETP program in achieving its legislative mandate.

A high priority for the Panel is to distribute its funds in an effective and efficient manner. During 1991-92, the Panel focused on refining its funding priorities, operational procedures and internal processes. ETP will continue to improve its operations to be more responsive to the business community needs for a skilled and productive workforce.

The Panel remains committed to its effective role in sustaining and improving California's economy by working proactively with business, labor, and other government entities.

Ted W. Dutton

Ted W. Dutton
Chairman

Gerald G. Geismar
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TABLE OF CONTENTS

EXECUTIVE SUMMARY i

I. OVERVIEW 1

II. PANEL ACTIONS 3

Revenue & Expenditure Report 4
Non-Training Expenditures 5
Training Fund Commitments 6
Project Commitments Summary 9
Legislatively Mandated Priorities 10
Policy Changes 11
Evaluations of the Panel 14

III. CONTRACTS COMPLETED DURING 1991-92 19

Completed Contract Summary 20
Industry Comparison 22
Characteristics of Panel Trainees 23
ETP Serves Small Businesses 25

IV. ACTIVE CONTRACTS 27

Active Contract Summary 27

V. APPENDICES 29

APPENDIX A - Allocation of Training Funds 30
APPENDIX B-1 - Job-Linked Literacy Training Approved 33
APPENDIX B-2 - Job-Linked Literacy Training Completed 41
APPENDIX C - Contracts Completed 45
APPENDIX D - Tables I-A & I-B 53

EXECUTIVE SUMMARY

The mounting numbers of unemployed workers, and businesses moving out-of-state or closing their doors, during fiscal year 1991-92 challenged the Employment Training Panel (ETP) to increase its role in contributing to the economic health of the state by funding job skills training that provide business with the skilled workforce necessary to stay viable and competitive. ETP responded to this formidable challenge by refining its funding priorities, application process, proposal approval processes, program policies, and increasing its coordination with other state and local agencies.

The 1991-92 Annual Report describes the Employment Training Panel's training activities and program accomplishments for that fiscal year. ETP contracts approved during one fiscal year can span up to 24 months. Therefore, training contract activity for one fiscal year can only be accurately measured and represented by reporting on: (1) Panel actions during 1991-92; (2) contracts completed; and, (3) contracts still active.

In addition to the training project information, this report summarizes program revenues and expenditures, changes in policy and operations, and the findings and recommendations of two major program evaluations.

PANEL ACTIONS

Revenues & Expenditures

ETP's total revenue for fiscal year 1991-92 was $194,408, 381. This total included the annual appropriation of $82,628,277, a carryover of $71,329,113 and prior year dis-encumbrances of $40,450,991.

Non-Training Expenditures

Prior to ascertaining the amount of funds available to ETP for training, a total of $33,446,328 in revenues were transferred to the Employment Development Department (EDD) and Department of Industrial Relations (DIR) to supplement their functions or for services provided to the Panel. Expenditures for ETP administration of $8,354,132 (approximately 9.5 percent) were well below the 15 percent allowed by statute. In addition, Panel action transferred $20 million to EDD to assist with the economic recovery of South Central Los Angeles. Funds committed for training totaled $82,626,006, leaving a balance of $49,783,741 to be carried forward to fiscal year 1992-93.

Training Fund Commitments

ETP establishes allocation categories to serve as broad funding targets that focus funding on projects that are consistent with the Panel's legislatively mandated priorities. Four of the nine allocation categories, and the amount to be spent for each category, are mandated by the Legislature: Upgrade Training, Demonstration Projects, programs for Newly Legalized Individuals or Seasonal Farmworkers, and Greater Avenues to Independence (GAIN) projects. The remaining categories and the percentage of funding allocated is determined by the Panel.

The Panel attributes a significant increase in total training expenditures for fiscal year 1991-92 to having established flexible and effective allocation categories as targets for funding.

In addition to effective allocation categories, the Panel attributes the substantial increase in funds approved for training to the following program improvements:

1. The streamlining and expediting of the application for funding and proposal review process;
2. An increase in the use of the Fixed-Fee Cost Guide;
3. The implementation and refinement of the funding priorities and operational procedures required by the Legislature in 1990; and
4. Increased coordination with other agencies.

Project Commitments

ETP's actions during the fiscal year reflect an increased, program-wide effort to: (1) approve more money for training; (2) increase the amount of funding for job-linked literacy training; and, (3) continue to give priority to contracts seeking to serve small businesses. The results of these efforts include:

- **231** training projects approved compared to **93** approved in fiscal year 1990-91.
- **$82.6** million approved for training; $56.3 million was approved in fiscal year 1990-91.

Legislatively Mandated Priorities

Included in the mission of the Panel to provide funds to train the labor force and strengthen the California economy, are areas specified as priorities for funding. Two priority areas mandated for Panel resources are: (1) serving small businesses; and, (2) funding job-linked literacy training.

ETP continued its excellent record of serving small businesses. The Panel defines a small business as employing 250 or fewer workers. During fiscal year 1991-92, **126** contracts were approved to serve small businesses for **a total of $44.6** million. This is a **67 percent** increase over last year.

There was a significant increase of projects that contained a job-linked literacy component. Funding for training in job-linked literacy skills increased from 24 contracts for $1.4 million in 1990-91 to 44 contracts for over **$2.1 million** in 1991-92. This increase is a result of the Panel's efforts to encourage the development of contracts containing a job-linked literacy component.

To be funded by ETP, literacy training must be tied to job-specific training, and needed to obtain or retain employment. The Panel defines literacy training to include, but not limited to, math, reading/language comprehension, writing, and Vocational English as a Second Language.

Policy Changes

During fiscal year 1991-92, significant policy changes were made in the areas of allowable training costs, new hire training incentives, retrainee enrollment, double enrollment, and structured-on-site training. The changes were based on recommendations by task forces that included representatives from the contractor community, Employment Development Department's Audit section, and the California Department of Education. The new or revised polices were instituted to better respond to the training needs of California workers and businesses.

Evaluations of the Panel

Two major studies on the effectiveness of the Employment Training Panel were conducted during the 1991-92 fiscal year. The focus of the first evaluation was to comply with the statutory requirement for an impartial, independent evaluation of the extent to which ETP and its programs had met its stated goals, and to assess the efficiency and effectiveness of the Panel's administrative and organizational process. The second study was initiated in response to a legislative directive that the Panel evaluate the effectiveness of ETP funded training in increasing employment security, increasing workers' wages, and improving the California economy.

Major findings of the studies include:

1. The Panel has implemented many of the 1990 Legislative Directives.
2. ETP has provided direct and indirect benefits to California business and workers:
   Direct Benefits
   - Training was provided for over **140,000 employees and UI Recipients**.
   - Employers received the **benefits of $305 million in training**.

Indirect Benefits

- An estimated $485 million increase in productivity in one program year (1989-90), this equals roughly $7.00 (seven) in **economic benefit to the State** for each $1.00 (one) of ETP funds earned for training.

3. ETP has had a significant impact on the earnings of both new hire and retrainee completers.

    - **Annual increases in adjusted earnings** for trainees of $7,400 (new hires) and $1,600 (retrainees).

4. ETP training reduced the likelihood of unemployment for both new hires and retrainee completers.

    - Panel training reduced UI payments by about $5 million in the first year.

5. ETP has a substantial impact on California's economy, beyond the increased earnings of participants.

    - Increased productivity as measured by changes in earning, accounts for an additional impact of over $64 million.
    - Estimated value of savings of jobs that would have been temporarily lost due to lack of training is between $166 million and $248 million.

The findings and recommendations in these studies will form the basis for the development of future ETP policies, regulations, and legislation as the Panel seeks to better meet the training needs of workers and business in California.

CONTRACTS COMPLETED

During fiscal year 1991-92, 76 training contracts completed earning $35.1 million in training funds. A total of 16,205 persons (1,632 new hires and 14,573 retrainees) received training at an **average cost** of $2,240 per trainee. The average hourly wage paid to new hires after training was $8.11 and for retrainees, $14.65. The most common types of training provided were Total Quality Management, Office Automation, Management and Customer Service.

In addition to vocational skills training, 634 trainees were trained in job-linked literacy skills, math, reading/language comprehension, writing and Vocational English as a Second Language. $796,887 was earned for literacy training in contracts completed within fiscal year 1991-92.

The planned trainee enrollment of 5,227 new hires and 22,721 retrainees resulted in actual enrollment of 3,241 new hires and 17,722 retrainees. Of the trainees enrolled, 50% (1,632) new hires and 82% (14,573) retrainees were employed and retained in employment for at least 90 days.

Trainee demographic data indicates that Panel funded training focuses on established workers. The average ETP new hire trainee is a minority male, aged 20 - 34, with a high school education or less. The average retrainee is male, aged 25 - 44, with a high school education and some college.

According to trainee completion records, the Panel funded training for a total of 1,589 businesses. Seventy-eight (78) percent of those businesses were small or had 250 or fewer employees. Using the Small Business Administration definition for small business as having less than 500 employees, 85 percent of the total businesses served by ETP were small businesses.

ACTIVE CONTRACT SUMMARY

Forty-six contracts remained active as of July 1, 1992 for $36 million in committed training funds. These contracts plan to provide training for 15,507 individuals, and 46% of these contracts are primarily targeting small businesses. The types of training most frequently represented in these contracts are Total Quality Management, Statistical Process Control, Office Automation, Management Skills, Customer Service, and Production Techniques.

I. OVERVIEW

The mounting numbers of unemployed workers, and businesses moving out-of-state or closing their doors during fiscal year 1991-92 challenged the Employment Training Panel (ETP) to increase its role in contributing to the economic health of the state by funding job skills training that provide business with the skilled workforce necessary to stay viable and competitive. ETP responded to this formidable challenge by refining its funding priorities, application process, proposal approval processes, and increasing its coordination with other state and local agencies.

This report describes ETP's activities and accomplishments during the 1991-92 fiscal year. To put this report into perspective, it must be noted that ETP training contracts approved during one fiscal year can span up to 24 months. Consequently, a complete picture of Panel activity for one fiscal year can only be accurately measured and represented by reporting on: (1) Panel actions during 1991-92; (2) contracts completed; and, (3) contracts still active.

PANEL ACTIONS DURING 1991-92

This section of the report summarizes the Panel's accomplishments as reflected in a review of:

- Non-training fund expenditures;
- Trends evident in the approval of training contracts;
- Compliance with legislative mandates;
- New policies instituted during the fiscal year; and,
- Results of two program evaluations.

CONTRACTS COMPLETED DURING 1991-92:

This section provides a statistical summary of the actual performance of the 76 contracts that completed during fiscal year 1991-92. Information presented in this section includes:

- The number of trainees enrolled and employed.
- Number and size of businesses served.
- Distribution of ETP funds by industry sector; and
- Demographic information on trainees.

ACTIVE CONTRACTS AS OF JULY 1, 1992:

A number of contracts approved before 1991-92 were still active, as of July 1, 1992. To complete the picture of Panel funded training, a summary of these active contracts is included.

II. PANEL ACTIONS

The Panel actions during the fiscal year reflect an increased effort to: (1) approve more money for training; (2) increase the amount of funding for job-linked literacy training; and, (3) continue prioritizing contracts seeking to serve small businesses. The result of these efforts include:

- **231** training projects approved compared to 93 approved in fiscal year 1990-91.
- **$82.6** million approved for training; $56.3 million was approved in fiscal year 1990-91.
- **$2.1** million approved for job-linked literacy training in contrast to $1.4 million approved during fiscal year 1990-91.
- **$44.6** million approved in fiscal year 1991-92 to serve small businesses, compared to the $26.7 million approved during the previous fiscal year.

The Project Commitments Summary on page 9, is a synopsis of ETP training projects funded during fiscal year 1991-92.

During this fiscal year, significant policy changes were approved in the areas of allowable training costs, new hire training incentives, retrainee enrollment, double enrollment, and structured-on-site training. These new or revised polices were instituted to better respond to the training needs of California's workers and businesses and are further described under Policy Changes on page 11.

REVENUE & EXPENDITURE REPORT
Fiscal Year 1991-92

(See the following page for additional detail on non-training expenditures.)

REVENUE

Yearly Appropriation	$82,628,277
$ Carried Forward (from prior years)	$71,329,113
Prior Year Dis-encumbrances	$40,450,991
Total Revenue	$194,408,381

EXPENDITURES

Transfers:	
EDD State/Local Labor Market Information	($3,088,664)
EDD Tax Collections Branch	($3,014,870)
EDD Employment Service 90% Center Program	($26,042,794)
Department of Industrial Relations	($ 1,300,000)
Total Transfers	($33,446,328)
Administrative:	($8,354,132)
Training Funds Committed:	($82,626,006)
Allocated to Economic Recovery, South Central Los Angeles	($20,000,000)
Balance (Carried Forward to Fiscal Year 1992-93)	$49,783,471

NON-TRAINING EXPENDITURES

The [1]Employment Training Fund (ETF) generates the monies to administer and fund employment training programs. The following is a brief description of: (1) funds transferred from ETP revenue; and, (2) ETP administrative expenditures:

TRANSFERS: Funds were transferred as provided by the Budget Act to support other agencies and their functions or for services provided to the Panel:

> EDD/State/Local Labor Market Information program produces and has access to a variety of information on industrial/occupational employment data.
>
> EDD/Tax Collections administers the collection of the ETF for the Panel.
>
> EDD/Employment Service 90% program helps at the local level with reemployment services to the unemployed.
>
> Department of Industrial Relations for administrative support of the Division of Apprenticeship Standards.

ADMINISTRATIVE EXPENDITURES: The Panel may use up to 15% of the ETF for administration. (Marketing and Research expenditures are not included in this limitation). Approximately 9 1/2% was spent for administration during 1991-92. These funds pay staff salaries and benefits; expenses for supplies, travel and equipment; and, miscellaneous contracted services.

> **Personnel Expenses**: The Panel utilized a total of 101.5 Personnel Equivalents (PE's). Of those, 89.8 PE's were Panel staff and 11.8 PE's were Employment Development Department (EDD) support personnel. The Panel expended a total of $4,971,983 in salaries and benefits.
>
> **Operating Expenses**: Operating expenses totaled $2,732,502. Included in this total are equipment, supplies, travel expenses, and contracts for miscellaneous services.
>
> **Marketing and Research Expenses**: $113,708 was spent in contracts for marketing and $422,232 was spent for research activities.

---

[1] Each private, for-profit California employer pays one-tenth of one percent (0.1%) of first $7,000 of the wages of each of their employees subject to unemployment insurance taxation, which translates into an annual maximum of $7.00 per employee.

TRAINING FUND COMMITMENTS

How a program allocates and subsequently spends its funds should mirror its commitment to the program's mission. The mission of the Panel is to enhance the employment security of California workers, help business become more productive and competitive, and strengthen the State's economy. The Panel's allocation of funds reflects a commitment to this mission.

The ETP Annual Plan submitted to the Legislature for 1991-92, establishes allocation categories setting out the planned distribution of funds for that year. The allocation categories serve as broad funding targets that focus funding on projects that are consistent with the Panel's legislatively mandated priorities. Four of the nine allocation categories, and the amount to be spent for each category, are mandated by the Legislature: Upgrade Training, Demonstration Projects, programs for Newly Legalized Individuals or Seasonal Farmworkers, and Greater Avenues to Independence (GAIN) projects. The remaining categories and the percentage of funding allocated is determined by the Panel. During fiscal year 1991-92, approximately $152 million was available for training.

The Panel attributes a significant increase in total training expenditures for fiscal year 1991-92 to having established flexible and effective allocation categories as targets for funding. The total training funds approved increased from **$56.3 million** in fiscal year 1990-91 to **$82.6 million** in 1991-92, an **increase of 47 percent**. In addition, the number of contracts approved in fiscal year 1991-92 also increased significantly from a low of 93 in 1990-91 to a high of 231 in 1991-92, an increase of 148 percent. See Appendix A for details on allocation categories.

These substantial increases are also attributed to:

1. The streamlining and expediting of the ETP application for funding and proposal review process;

2. An increase in the use of the Fixed-Fee Cost Guide;

3. The implementation and refinement of the funding priorities and operational procedures required by the Legislature in 1990; and

4. Increased coordination with other agencies.

STREAMLINING AND EXPEDITING THE PROCESS

Determining priorities for funding is only the first step. The funds must then be distributed in an effective and efficient manner. Efforts by the Panel and it's staff to improve the process of distributing funds into the community is a high priority. Therefore, activity and accomplishments in 1991-92 were concentrated in the following areas:

Simplifying the Funding Application
The ETP funding application was re-designed during fiscal year 1991-92. The new application clarifies and limits information requested to what is necessary to determine the applicant's eligibility and to begin the training proposal development process.

Technical Assistance
ETP field office staff assist potential applicants in completing the application, and the development of a budget and subsequent proposal.

Streamlining the Proposal Review Process
During 1991-92, an extensive examination of the training proposal/agreement development and review process was conducted. Elimination of unnecessary or duplicate steps, and the streamlining of the proposal review process was initiated during this period.

Expanding the Fixed-Fee Cost Guide
The Panel continues to encourage the use of the Fixed-Fee Cost Guide to simplify and expedite the contract development process. The Cost Guide establishes a per hour rate for the Panel's most frequently approved skills training categories. Five new categories were added to the Cost Guide during the 1991-92 fiscal year (Certified Nurses' Assistant, Sales Techniques, Computer-Assisted Numerical Control, Basic Math Skills and Vocational English as a Second Language (VESL)) for a total of 14 training categories.

The Fixed-Fee Cost Guide rates were used in 72 percent of the contracts approved during fiscal year 1991-92, as compared to only 46 percent of the contracts approved in 1990-91. Proposals that do not use the Cost Guide rates require detailed itemized budgets. The rates allowed in the Cost Guide are based on historical ETP training project data. A goal is to continually review types of training and add new categories to the Guide whenever possible.

Establishing Funding Priorities and More Efficient Operating Procedures
During fiscal year 1990-91 the Panel's ability to expend a significant amount of its funds was limited by the considerable amount of staff time needed to fully operationalize the numerous legislative mandates contained in the January 1, 1990 amendments to ETP's law. With the development of program regulations, operational procedures and allocation categories, ETP was able to devote more of its time and resources during 1991-92 to the development and funding of training programs.

Increased Coordination with Other Agencies
Fiscal year 1991-92 was one of increased coordination with various other agencies to achieve ETP goals. ETP has worked actively with the Department of Commerce to leverage and maximize the funds available for economic development, to attract and retain businesses, and to promote the availability of ETP training funds throughout the state. The Panel has collaborated with the Employment Development Department's Job Training Partnership Division (JTPD) and the Department of Social Services to increase training and employment programs

for individuals that have multiple barriers to employment. The Panel is also a major contributor to the California Manufacturing Technology Center, via the Chancellor's Office of the California Community Colleges, as well as to the California Supplier Improvement Program (CalSIP) to provide training for small and medium-size aerospace manufacturing suppliers. In short, ETP has demonstrated its ability and commitment to working with other agencies toward the development of an integrated and statewide strategy for the provision of employment and training services.

Timely Response to Critical Proposals
In recognition that certain projects are, by their nature, so critical to the California economy that they must be expedited, the Panel has established a process to identify these projects for timely processing and implementation.

The Executive Director determines which applications/proposals are given immediate attention and mobilizes staff to expeditiously develop, process, and monitor these proposals.

PROJECT COMMITMENTS SUMMARY

231 contracts approved
$82.6 million approved for training
40,000 persons targeted for training
4,818 new hire trainees
35,182 retrainees
$2,065 average cost per trainee

CONTRACTS

126 contracts target primarily small employers (fewer than 250 employees).

98 contracts are directly with small businesses.

28 are consortia contracts. Consortia contracts are designed to serve multiple, primarily small, businesses.

Approximately **$44.6 million** or 54 percent of the funds approved target small businesses.

TYPES OF TRAINING

Most frequent types of vocational training approved are:

1. Total Quality Management, Statistical Process Control, and Manufacturing Resource Planning
2. Management Skills
3. Office Automation
4. Auto Repair

JOB-LINKED LITERACY TRAINING

44 Contracts with Literacy Component Approved
828 New Hire Trainees
1,723 Retrainees
$2.1 million

LEGISLATIVELY MANDATED PRIORITIES

Priorities for funding included in the mission of the Panel are to train the labor force and to strengthen the California economy. Two priority areas mandated for Panel resources are: (1) serving small businesses; and, (2) funding job-linked literacy training. Below are figures showing how these priorities were met during fiscal year 1991-92:

SERVING SMALL BUSINESS

126 contracts to serve small businesses
$44.6 million approved for training for small businesses
67 percent increase over last year

As the data above shows, the Panel approves a substantial amount of its funds to meet the training needs of small businesses throughout California. ETP defines small businesses as businesses with 250 or fewer employees. Fiscal Year 91-92 data demonstrates a significant increase in funds approved for training to serve small businesses as compared to the previous year. It is expected that about 1,400 small businesses will be served with these funds.

TRAINING FOR JOB-LINKED LITERACY SKILLS

44 contracts had a literacy component
828 New Hire Trainees
1,723 Retrainees
$2.1 million

Projects with a literacy component have increased significantly. Funding for training in job-linked literacy skills has increased from 24 contracts for $1.4 million in 1990-91 to 44 contracts for over **$2.1 million** in 1991-92. See Appendix B for list of contracts with a literacy component approved in Fiscal Year 1991-92.

This increase is a result of the Panel's efforts to encourage the development of contracts containing a job-linked literacy component. To be funded by ETP, literacy training must be tied to job-specific training, and needed to obtain or retain employment. The Panel defines literacy training to include, but not limited to, math, reading/language comprehension, writing, and Vocational English as a Second Language.

Support for literacy training is not limited to projects for those entering the labor market. Many currently employed workers lack the necessary literacy skills to advance in the job or to merely keep pace with the requirements of new technologies affecting their current job. Consequently, Panel-funded training programs have included a large number of currently employed persons (retrainees) needing job-linked literacy training.

POLICY CHANGES

During the 1991-92 fiscal year, the Panel established policy task forces to review, refine and/or develop policy recommendations in the areas of new hire training, consortia retraining, double enrollment, structured on-site training (SOST), and mandated target groups. In addition to ETP staff, the task forces included representatives from the contractor community, Employment Development Department's Audit section, and the California Department of Education.

NEW HIRE TRAINING PROGRAMS

The specific charge of the new hire task force was to identify the policy impediments to successful completion of New Hire training contracts. The group identified two significant regulatory problem areas needing revision: allowable costs and new hire training incentives.

Allowable Costs

The Panel has not been able to reimburse contractors for the true costs associated with new hire training. The costs incurred for recruitment, assessment, and placement of new hire trainees can be considerably more than for training current employees (retrainees). Using the JTPA allowable training cost definition as a model, the task force recommended allowing reimbursement of staff salaries, fringe benefits, and travel costs associated with:

- Recruitment of training participants;
- Trainee intake and assessment to determine eligibility;
- Job development; and,
- Job search assistance and placement in specific jobs.

The Panel approved policy changes to address these issues, and regulation changes to implement them have been initiated.

New Hire Training Incentives

A simplified way to reimburse contractors for the added risk involved in training new hires was approved by the Panel and is being pursued through the amendment of ETP regulations. Reimbursement will include incentive payments and inducements to contractor who create job opportunities for the unemployed.

ETP programs to train the unemployed for jobs have not been as numerous as retraining programs for the currently employed. The limited number of new hire training proposals is due, in part, to the higher risk inherent in those projects.

The amended regulation will permit a new hire contractor to recover all training costs for a trainee if a 60 percent placement and employment retention rate is achieved. The revised regulation will also allow contractors to earn additional incentive payments based on exceeding the 60 percent employment retention rate.

CONSORTIA RETRAINING

Consortia training has proven to be the most effective mechanism for small business to access ETP training funds. However, consortia contractors assume a much greater risk than do direct employer contractors since the consortia is trying to meet the needs of multiple businesses and have no real control over trainees employment retention. In addition, consortia contractors must constantly market their program to new employers.

Consortia Employer Liaison Costs

ETP initiated revision of its regulations to allow for the reimbursement of reasonable staff salaries, fringe benefits and travel costs associated with consortia-employer liaison activities. These activities may include recruitment of potential employers and assessment of employer specific job requirements.

Retrainee Enrollment

Consortia retrainee contractors assume greater risks than a single employer contractor in ensuring that a trainee completes the training. The task force found the Panel's policy of allowing retrainee consortia contractors to enroll no more than 20 percent over the planned placements too restrictive. The policy has been revised to allow retrainee contractors to enroll up to 30 percent over planned placement.

DOUBLE ENROLLMENT

To ensure the integrity and equity of its retraining programs, the Panel approved a revised policy regarding double enrollment. The new policy allows contractors to enroll trainees who completed a prior ETP training program and retention period **more than three years prior to the start date of the current training project** without requiring any notification to, or approval from ETP.

However, to enroll any trainee that has completed their training and retention period within the three years prior to the current training program, a contractor must request advance written approval from ETP. The request must include evidence that the training to be provided in the subsequent ETP training program is substantially different from the prior training. Also, contracts with double enrollments exceeding 10 percent of the total number of trainees under the agreement will only be reimbursed for 50 percent of the cost stated in the agreement for each double enrollment. Concurrent enrollments are not allowed.

STRUCTURED ON-SITE TRAINING

Structured On-Site Training (SOST) provides for the acquisition of skills on-the-job following classroom instruction. The SOST task force was initiated to clarify ETP's policy and establish the parameters for funding and monitoring SOST as a component of a training program.

The policy directive adopted requires that SOST be supervised by an individual(s) who has a demonstrated competency in the subject area and is not simultaneously enrolled in the same training group. SOST must follow a detailed plan for the delivery of job tasks and specify the minimum competencies to be gained. Generally, ETP will allow a maximum of two hours of SOST for every hour of classroom and/or laboratory instruction.

SPECIAL TRAINING PROGRAM

Greater Avenues to Independence Program

The 1991-92 Budget Act language that established the Greater Avenues to Independence (GAIN) program allocation permitted the Panel to waive the ETP trainee eligibility requirements and to fund training support services such as child care and transportation. However, GAIN training contractors were required to meet all other ETP placement and retention requirements to earn GAIN training funds.

Due to the high risk perceived by training contractors, no applications for GAIN training funds were received. New language contained in the 1992-93 Budget Act permits the Panel to waive specific statutory requirements when deemed necessary to meet the special needs of GAIN participants. The new language allows for greater flexibility in funding training projects for GAIN participants with multiple barriers to employment, such as no work history, poor basic skills, poor work habits, and/or limited proficiency in English.

EVALUATIONS OF THE PANEL

Two major studies on the effectiveness of the Employment Training Panel were conducted during the 1991-92 fiscal year. The focus of the first evaluation was to comply with the statutory requirement for an impartial, independent evaluation of the extent to which ETP and its programs had met its stated goals, and to assess the efficiency and effectiveness of its administrative and organizational process. The second study was initiated in response to a legislative directive to evaluate the effectiveness of ETP funded training in increasing employment security, increasing worker's wages, and improving the California economy.

The findings and recommendations in these studies will form the basis for the development of future policies, regulations, and legislation as the Panel seeks to better meet the training needs of workers and business in California.

PROGRAM EVALUATION

Chapter 926, Statutes of 1989, mandated that ETP contract for an impartial evaluation of the Panel and its programs. Applied Management & Planning Group (AMPG) was awarded the contract to evaluate ETP as a result of a competitive "Request For Proposal" process conducted by the Auditor General.

The following is a summary of the major findings and recommendations cited in AMPG's final report submitted to the Legislature on July 24, 1992 and entitled: **An Evaluation of the California Employment Training Panel.**

Major Findings:

1. The Panel **has implemented** many of 1990 Legislative Directives:
   - Annual Plans containing funding allocation objectives were prepared and submitted to the Legislature in 1990 and 1991.
   - To expedite the funding process, the Panel developed an application form and implemented an applicant tracking system to follow applicants through the process of applying for ETP funds.
   - A Fixed-Fee Cost Guide with flat per hour rates for specific types of training was adopted.
   - The Executive Director was delegated the authority to approve proposals up to $50,000.

2. **ETP has provided direct and indirect benefits to California business and workers:**

Direct Benefits

- Training was provided for over **140,000 employees and UI Recipients.**
- **Annual increases in adjusted earnings** for trainees of $7,400 (new hires) and $1,600 (retrainees).
- Employers received the **benefits of $305 million in training.**

Indirect Benefits

- An estimated $485 million increase in productivity in one program year (1989-90), this equals roughly $7.00 (seven) in **economic benefit to the State** for each $1.00 (one) of ETP funds earned for training.
- The majority of **employers served by ETP** would not have provided any training or at least not to the same extent without ETP funding.
- The Panel has been very **successful in serving large numbers of small businesses** through the consortium approach.

3. Legislative Directives Yet to be Fully Implemented:

- Identification of Priorities for Training Funds (i.e. specific industries, production or quality control techniques or Regions of State);

  Status: ETP has contracted with various entities for research that will provide ETP with additional data to help further define priorities for funding.

- Adoption of New Hire Cost Reimbursement System;

  Status: The Panel has approved a new hire reimbursement policy and the regulatory process has begun to adopt the policy as a regulation.

- Coordination with Other State Programs, in particular, with JTPD; and,

  Status: With the appointment of new executive staff, ETP has been aggressively working with other state programs to leverage its funds and better coordinate the training and employment services available to California's workers and businesses.

- Funding Allocation Goals for Upgrade Training, Demonstration Projects, Newly Legalized Residents or Seasonal Farmworkers (IRCA), or Greater Avenues for Independence (GAIN).

Status: ETP is supporting research to determine existing barriers and possible incentives to encourage Upgrade Training. With the expansion of the Demonstration allocation category to include economic development, it is expected that the demand for Demonstration funds will exceed the amount allocated.

New language in the 1992-93 Budget Act allows ETP the authority to waive specific program requirements when necessary to accomplish employment training funded for GAIN recipients. The Panel will seek adoption of similar language and flexibility for IRCA programs recipients.

4. Consultants/Subcontractors are providing administrative functions for ETP Contractors because of perceived difficulty with the Panel's application process, lack of marketing, and technical assistance.

   - The funding application has been simplified. An applicant workshop is being developed to assist potential applicants in completing the form. Field office staff continue to be available to assist potential applicants.
   - ETP has created a Marketing Unit and assigned staff to develop and implement a statewide marketing and outreach effort to actively target funding priority areas. The Marketing Unit will also coordinate the Panel's effort to provide additional technical assistance.

5. Applications to ETP have not kept pace with the amount of funding available.

   - The new Marketing Unit will develop a strategy to increase both the visibility of ETP training programs and the technical assistance available to potential contractors.

Recommendations:

- ETP should be the cornerstone of a coordinated statewide program for job training and retraining in support of economic development efforts.
- If ETP is unable to commit funds for training at a level commensurate with the amount of revenue raised by the Employer Training Tax, then the tax should be reduced.
- ETP should establish a limited set of clearly defined funding priorities. Programs that do not meet the established priorities, or other eligibility criteria, should be denied.
- ETP should enhance its marketing efforts to potential users in established priority areas.
- ETP should retain the 90-day on-the-job placement requirement for both new hire and retraining programs.

- The Panel should delegate to the Executive Director authority to approve contracts up to $500,000 and focus their efforts on priority setting, policy development, review of large program applications, and promotional activities.
- ETP should separate the standards of accountability from the performance base requirements of its training contracts.
- ETP should relax the program requirements for demonstration projects, and increase the amount of funding for demonstration projects.
- ETP should continue to streamline the application process and paperwork required of contractors in other program areas.

STUDY OF ETP TRAINEES

A June, 1992 study released by California State University, Northridge researchers entitled: **Does ETP Training Work? An Analysis of the Economic Outcomes of the California Employment Training Panel** validates the substantial impact ETP has had in raising the earnings of trained workers and in improving the California economy as follows:

- An increase in earnings of $7,400 for new hires and $1,600 for retrainees in the first year after completion of training.
- ETP's investment of $65 million obtained a $172 million to $1.1 billion return in higher productivity, lower unemployment, and higher wages for California.
- Unemployment declined by more than 7 weeks for those completing ETP training.
- The earnings and economic impact of ETP-funded training is unmatched by any job training program in the country.

The study examined the records for a period of one year before and after training of 46,946 trainees enrolled in 187 contracts that completed between July 1, 1989 and June 30, 1990. The study used official Employment Development Department (EDD) wage and employment records.

Major Findings: (See Tables I-A and B in Appendix for detailed data)

1. ETP has had a significant impact on the earnings of both new hire and retrainee completers.

   - Adjusted for inflation, **new hire completers earned annually over $10,900 more than drop outs, and retrainee completers earned over $3,500 more than dropouts.**
   - When controlled for demographic and programmatic differences the estimated impact of training was over **$7,700 for new hires and retrainees $4,000.**

2. ETP training reduced the likelihood of unemployment for both new hires and retrainee completers.

   - Training completers experienced significantly less unemployment after training than dropouts.
   - Panel training reduced UI payments by about $5 million in the first year.

3. ETP has a substantial impact on California's economy, beyond the increased earnings of participants.

   - Increased productivity as measured by changes in earning, accounts for an additional impact of over $64 million.
   - Estimated value of savings of jobs that would have been temporarily lost due to lack of training is between $166 million and $248 million.

Recommendations:

- Maintain the stringent 90-day employment requirement for earning training funds.

  Researchers attributed the significant results of training to ETP's stringent performance-based contract that allows contractors to earn payment only after each trainee completes the training and employment retention period of at least 90 days. This performance-based standard has a powerful impact on earnings and thus on the overall economy, due to its strong incentive for placement and employment retention.

- Develop policies that will augment technical assistance and incentives for increasing trainee completion rates.

  Since the bulk of benefits to both the individual trainee and the economy as a whole come from completing the training program, increasing the proportion of completers will enhance the impact of the program.

- Develop targeting strategies that will lead to the greatest impact on the California economy. Priority should be given to training programs that:

  -Are tightly focused, well-planned and clearly increase productivity.
  -Clearly enhance the competitiveness of California businesses relative to domestic and international competitors.
  -Train new hires for occupations in which the demand is growing at a relatively fast rate.
  -Retrain to reduce the probability of layoff.

III. CONTRACTS COMPLETED DURING 1991-92

This section of the report details the actual results of training completed, funds earned and trainees retained in employment during fiscal year 1991-92. Of the 76 contracts that ended in 1991-92:

- 38 were approved in 1989-90
- 35 were approved in 1990-91
- 3 were approved in 1991-92

The information in this section provides an indepth analysis of ETP-funded training programs and includes a summary of completed contract data and information on the following:

- Size of Businesses Served
- Characteristics of Panel Trainees
- Types of Training Most Often Funded
- Enrolled versus Employed
- Industries Served

A list of each individual contract with contract data is in Appendix C.

COMPLETED CONTRACT SUMMARY

76 contracts completed
$35.1 million earned
16,205 persons trained & employed
$2,240 average cost per trainee

CONTRACTS

57 direct employer contracts

27 were small employers (fewer than 250 employees).
30 were large employers.

19 consortia contracts (served multiple employers).
An average of 80 businesses served per contract.

BUSINESSES SERVED

Total businesses served: 1,589

Total small businesses: 1,233 (78%)

Contracts serving primarily small businesses earned approximately **$14 million (40% of total funds)**.

756 small businesses (61% of the small businesses, and 48% of all businesses) employed fewer than 50 employees.

TYPES TRAINING

The most frequent types of training funded:

1. Total Quality Management
2. Office Automation
3. Management Skills
4. Customer Service

634 trainees were trained in job-linked literacy skills in addition to vocational skills.
$796,887 was earned for literacy training (see Appendix B-2 for a complete list of contracts)

TRAINEES

New hires employed: 1,632
Retrainees employed: 14,573

Small businesses employed 44% of all new hires.

1/3 of all trainees were employed by small businesses.

The average hourly wage paid to new hires after training was $8.11 and for retrainees, $14.65.

ENROLLED VERSUS EMPLOYED

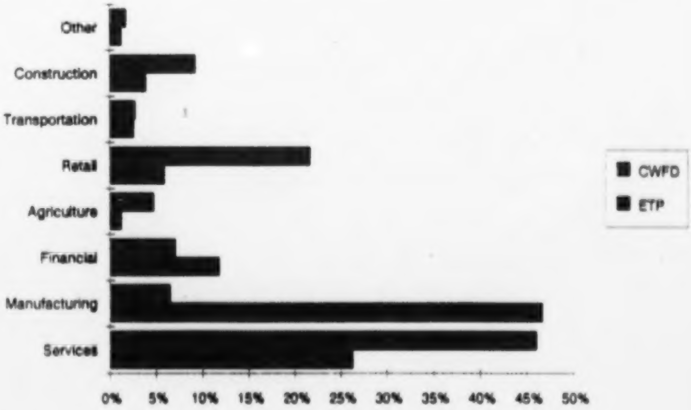
Type of Trainee	Planned Enrollment	Actual Enrollment	Number Employed	% of Enrolled Employed
NEW HIRES	5,227	3,241	1,632	50
RETRAINEES	22,721	17,722	14,573	82

The above summary provides information on completed contract performance by type of trainee. It compares planned enrollment, with actual enrollment and the subsequent employment and retention of trainees for at least ninety days.

INDUSTRY COMPARISON

The following provides a graphic representation of all contracts completed during fiscal year 1991-92 by major industry sector in California compared to the California WorkForce data. The Panel provides funding across all major industries in California, but the majority of contracts were for the manufacturing sector.

	SERVICES	MANUFACT.	FINANCIAL	AGRI.	RETAIL/ WHOLESALE	TRANSPORT.	CONSTRUCT.	OTH.
ETP	26%	48%	12%	1%	5%	3%	4%	1%
*CWF	46%	6.5%	7%	5%	21.5%	3%	9%	2%



*California Work Force (CWF) data is not included if ETP did not have projects in those industries (mining & government). 3rd quarter 1991, California Unemployment Insurance Survey Reporting Units by size, industry, and county, Labor Market Information Division (LMID), Employment Development Department.

CHARACTERISTICS OF PANEL TRAINEES

A summary of demographic data indicates that Panel funded training focuses on established workers. The average Panel new hire trainee is a minority male, aged 20 - 34, with a high school education or less. The average Panel retrainee is male, aged 25 - 44, with a high school education and some college.

The chart on the following page compares the characteristics of Panel trainees to those of the total California employed and unemployed labor force.

CHARACTERISTICS OF PANEL TRAINEES
COMPARED TO CALIFORNIA LABOR FORCE

Characteristic	Employment Training Panel New Hire Percent	 Retrainee Percent	California Labor Force Unemployed 1991	 Employed
SEX:				
Female	33.8	40.1	40.5	43.1
Male	66.2	59.9	59.5	56.9
AGE:				
< 25	17.0	7.2	31.3	15.8
25-34	36.8	37.4	29.6	29.7
35-44	27.3	29.2	20.8	26.6
45-54	13.3	17.2	11.6	16.7
55-64	5.3	8.2	5.3	8.7
65+	0.3	0.8	1.4	2.5
EDUCATION:				
Less than H.S. grad	15.8	4.0	23.7 a/	23.7 a/
H.S. graduate	54.3	43.1	22.3	22.3
Some College	23.6	32.5	30.6	30.6
College graduate	4.7	14.8	15.3	15.3
Post Graduate	1.6	5.6	8.1	8.1
MARITAL STATUS:				
Married	45.5	59.3	39.5 b/	55.1 b/
Single	54.5	40.7	43.4	29.0
ETHNICITY:				
White	28.6	59.8	44.0	62.6
Black	11.5	5.8	8.8	5.1
Hispanic	49.9	20.5	36.9	22.8
Asian	7.4	10.7	10.3 c/	9.5 c/
Native American	0.6	0.8		
Other	2.0	2.4		
VETERAN:				
Yes	11.8	14.9	12.4 d/	12.4 d/
No	88.2	85.1	87.6	87.6

a/ Percentages are for the total population 25 years and older. Data is not separated by individual category of employed or unemployed.

b/ Figures do not total 100 percent due to the elimination of individuals who are divorced, widowed, separated, or are married but the spouse is absent.

c/ Combines the racial categories of Asian, Native American and Other.

d/ Data is not separated by individual category of employed or unemployed.

Unemployment and Civilian Labor Force data are based on the 1991 annual averages provided by the Bureau of Labor Statistics in the Current Population Survey conducted by the Bureau of the Census.

ETP SERVES SMALL BUSINESSES

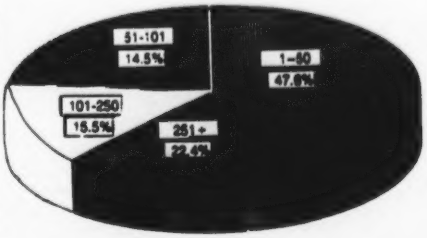
The Panel continued its excellent record of serving small businesses. As in the past, the Panel funded training that benefitted more small businesses than large businesses. The Panel defines a small business as employing 250 or fewer workers. According to trainee completion records for all contracts completing during Fiscal Year 1991-92, the Panel funded training for a total of 1,589 businesses, 78 percent of those businesses were small. Using the Small Business Administration definition for small business as having less than 500 employees, 85 percent of the total businesses served by ETP were small businesses.

A total of 16,205 persons (1,632 new hires and 14,573 retrainees) received training through Panel funding. Forty-four percent of the new hires (721) and 31 percent of the retrainees (4,550) were employed by small businesses. And, approximately $14 million was earned by contracts serving primarily small businesses, these are contracts in which at least 75 percent of the businesses served were small.

Most of the Businesses ETP Served were Small Businesses

Total Businesses Served: 1,589
Total small businesses: 1,233 (78%)

# of Employees (Business size)	Businesses ETP Served
1-50	756
51-100	230
101-250	247
251 -500	120
>500	236



The Panel served small businesses in two ways:

1. By contracting directly, 27 small businesses were assisted in meeting their training needs.
2. By means of a consortia contract which is designed to serve multiple businesses and primarily small businesses: A consortia could be a group of businesses with similar training needs, a training agency, a joint apprenticeship training committee, a foundation, a union, or a regional occupational program: **1,206 small businesses** were assisted through 19 consortia contracts. In addition, over 300 large businesses also were served through these same contracts.

BUSINESS SIZE COMPARISON

In California, small businesses (less than 250 employees) comprise the majority of all businesses. The majority of the businesses served by ETP were also small. According to an independent evaluation of the Employment Training Panel program, "The Panel appears to be successful in serving large numbers of small businesses through the consortium approach. We could find no compelling reasons for the Panel to alter any of its performance or other program requirements to serve small businesses."[2]

Business Size	% Businesses Served By ETP (1)	All Calif. Businesses(2)
0 - 250	**78**	**99.4**
251 - 500	7.5	0.3
500 +	14.9	0.3

(1) Data based on placements for contracts completed during Fiscal Year 1991-92.

(2) 3rd Quarter 1991, California Unemployment Insurance Survey Reporting Units by size, industry and county, Labor Market Information Division (LMID), Employment Development Department.

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[2] An Evaluation of the California Employment Training Panel, Applied Management and Planning Group, July 24, 1992.

IV. ACTIVE CONTRACTS

The following summary covers contracts that were approved prior to fiscal year 1991-92 and were still active as of July 1, 1992.

ACTIVE CONTRACT SUMMARY

As of July 1, 1992

46 contracts
$36 million approved
15,507 trainees planned to train and employ

46% of contracts target training primarily to small businesses

TYPES OF TRAINING

The following are the types of training most frequently represented in these contracts:

1. Total Quality Management
2. Statistical Process Control
3. Office Automation
4. Management Skills
5. Customer Service
6. Production Techniques
7. Just-In-Time

Job-linked literacy training is included in 13 of the active projects. Training represented is reading, math, business english, and Vocational English as a Second Language (VESL).

V. APPENDICES

This Section includes the following appendices:

- A. Allocation of Training Funds
- B-1. Job-Linked Literacy Training Approved
- B-2. Job-Linked Literacy Training Completed
- C. Contracts Completed
- D. Tables I-A & I-B

APPENDIX A

ALLOCATION OF TRAINING FUNDS, 1991-92

ALLOCATION CATEGORY	AMOUNT COMMITTED	NUMBER OF CONTRACTS
Upgrade a/	$1,197,408	3
Demonstration a/	$995,648	3
Newly Legalized Individuals or Seasonal Farmworkers a/	$407,520	1
Gain a/	$27,600	2
Economic Development/Business Expansion	$7,745,362	12
Productivity Improvement/Workforce Retention	$32,362,901	126
Consortia	$27,554,347	37
Regional Economic Impact	$9,111,699	42
Apprenticeship	$3,223,521	5
TOTALS	$82,626,006	231

The preceding table summarizes the Panel's actions for each established allocation category during Fiscal Year 1991-92. Below are definitions of these categories:

a/Legislatively-Mandated Allocation Categories

Upgrade: The law directs ETP to annually allocate $2.7 million to retrain individuals in skills for which there is a demonstrable shortage. Such training must allow for career advancement; and, once the trainee moves into the new, advanced position, the vacated position must be filled by an unemployed individual.

Demonstration: The law allows ETP to use up to $2.7 million to try various approaches designed to reach diverse and difficult to serve populations under current ETP standard eligibility criteria. Legislation has increased the allocation and expands its scope to include economic development beginning in fiscal year 1992-93.

Newly Legalized Individuals and Seasonal Farmworkers: The Budget Act of 1991-92 established a $5 million allocation to help meet the training and employment needs of newly legalized individuals and seasonal farmworkers served under the Immigration Reform and Control Act (IRCA) of 1986.

Gain: The Budget Act of 1991-92 established an allocation category of $2.7 million to train and employ participants in the Greater Avenues to Independence (GAIN) program or recipients of Aid to Families of Dependent Children (AFDC).

Panel Established Categories

In order to focus the funding of ETP monies beyond the specifically mandated categories and to meet other legislative intentions, the Panel established the following allocation categories:

Economic/Business Expansion: These funds were intended to be used to attract businesses to California, prevent businesses from relocating out-of-state, and stimulate the expansion of existing businesses. This category targets companies located in Enterprise Zones and Economic Incentive Areas.

Productivity Improvement/Workforce Retention: This category addressed the retraining needs of businesses to enhance the productivity of their current workers and thereby their competitiveness.

Consortia: Although any size business may participate in a consortia training project, these funds are primarily intended to meet the needs of small businesses unable to organize individual training projects. Consortium contractors may be community colleges, job apprenticeship training committee's (JATC's), employer associations, private industry councils (PIC's), or private training agencies that organize training programs for several employers with similar training needs.

Regional Economic Impact: Training funds in this allocation category focused on training in growth and emerging occupations and employment in regions of the state having high levels of unemployment.

Apprenticeship: This category was intended to supplement funding for training in specific apprenticeship skills related to new or advanced technology, methods, processes, or equipment which is not otherwise currently included in the curriculum of an apprenticeship program.

APPENDIX B-1

JOB-LINKED LITERACY TRAINING APPROVED DURING 1991-92

44 contracts had a Job-Linked Literacy component
828 new hire trainees
1,723 retrainees
$2.1 million approved

- VESL was the most frequently funded training
- Training for production workers most often contained a Literacy component
- Basic Math skills was most frequently provided with Statistical Process Control (SPC)

A list of the 44 contracts follows.

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	*Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
Alcon Surgical	Instrument Repair, Instrument Assembly (Retrainee)	15	Production Techniques	VESL	72	267	$2316
Allied-Signal Garrett Auto.	Production Specialist (Retrainee)	200	SPC	VESL	120	234	$2253
Barry Controls	Mfg Support, Machinist, Production staff (Retrainee)	23	TQM, Office Automation	Math	20	195	$1923
	Mfg Support, Fabrication Staff, Production Staff (Retrainee)	15	TQM, Office Automation	Math, VESL	60	235	$2220
BNK Technical Institute, Inc.	Clerical (New Hire)	20	Office Automation	Math	15	400	$4600
	Machinist (New Hire)	35	CNC	Math	60	600	$4500
Business Development Labs	Production Worker, Machine Operator, Warehouse person (Retrainee)	13	TQM	VESL	40	280	$2039
California Mfg Association	Operator, Technician, Administrative Support (Retrainee)	30	SPC	VESL	45	225	$2174
California Medical Transcription, Inc.	Medical Transcriber (New Hire)	10	Medical Transcription	Job Specific / Basic English	266	315	$4353
Calsonic Climate Control	Inspectors, Injection Molder, Machine Operator, Assembler, Packer (Retrainee)	39	SPC	VESL	110	130	$1247
Comprehensive Training System	Medical Assistant (New Hire)	44	Medical Assisting	VESL	105	525	$5500
	Medical Receptionist (New Hire)	66	Office Automation	VESL	105	525	$5082

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LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	•Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
Cristek Interconnects, Inc	Assembler (Retrainee)	12	SPC / JIT	VESL	70	210	$2047
Data Tape	Production, Engineer, Supervisor, Technician (Retrainee)	275	TQM	Basic English & Math, VESL	200	339	$2285
Deutch Metal Components (IRCA)	Inspector, Machine Operator, Material Handler (Retrainee)	80	SPC	Math, VESL	42	196	$1678
Diatek Inc	Machine Maintenance, Assembler (Retrainee)	17	SPC	VESL	100	172	$1654
Dynair Electronics Inc (CalSIP)	Technician, Leadperson, Assembler (Retrainee)	6	TQM, SPC, TLC	Math	70	170	$1643
	Leadperson, Assembler (Retrainee)	4	TQM, SPC, TLC	Math & VESL	140	248	$2389
Faber Enterprises, Inc	Material Handler (Retrainee)	50	SPC	VESL	120	186	$1675
Hi-Shear Co	Machinist (Retrainee)	35	SPC, Production Techniques	Math	20	150	$1435
	Material Handler, Process Operator (Retrainee)	31	Production Techniques	VESL	50	150	$1434
	Machinist (Retrainee)	55	Production Techniques	Math & VESL	70	200	$1914
Inter-City Services	Clerical (New Hire)	100	Office Automation	Basic English - Math	50	250	$2400

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	•Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
INX International Ink Co	Production Personnel (Retrainee)	10	SPC, TLC	VESL	60	160	$1561
Ivac Corporation	Production Worker, Machine Operator (Retrainee)	72	Total Quality	VESL	125	149	$1435
Jayco Interface Technology	Assembler (Retrainee)	8	SPC, JIT, TLC	VESL	70	210	$2057
JDK Controls	Molder, Assembler, Welder (Retrainee)	5	TQM	Math	20	180	$2160
	Molder, Assembler, Welder (Retrainee)	18	TQM	Math, VESL	145	305	$3660
	Molder, Assembler, Welder (Retrainee)	7	TQM, SPC	Math, VESL	145	345	$4140
Joslyn Electronic System Corp	Assembler, Caster, Tester, Brazer (Retrainee)	64	SPC, JIT, Team Building	VESL	66	210	$2049
Los Angeles County PIC / MAGA	Grocery Clerk (New Hire)	255	Customer Service, Office Automation, Management	VESL & Math	135	675	$6020
	Grocery Clerk (New Hire)	45	Customer Service, Office Automation, Management	Math	20	560	$4962

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	*Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
Los Angeles County PIC / Pomona Unified School District	Clerical (New Hire)	20	Office Automation	Math	20	270	$2589
	Auto Mechanic (New Hire)	5	Auto Repair	Math	20	442	$3915
Los Angeles County PIC / Rio Hondo	Machinist (New Hire)	40	FADAL Vertical Machining Center	Math	25	180	$3530
	Machinist (Retrainee)	40	FADAL Vertical Machining Center	Math	25	180	$3530
Los Angeles Southwest College	Clerical (New Hire)	100	Office Automation	Math	40	360	$4226
Nylon Molding Corp	Material Handler (Retrainee)	12	SPC	VESL	120	280	$1500 (for VESL only)
Pacific Biotech, Inc.	Assembler, Material Handler, Packer (Retrainee)	29	TQM	VESL	100	124	$957 (for VESL only)
Pacific Scientific	Production Specialist (Retrainee)	50	SPC	VESL	60	220	$2124
Prema Engineering, Inc	Production Worker, Supervisor Support, Machinist (Retrainee)	40	SPC	Math	16	160	$1550
Puritan Bennett Corp	Production Technician (Retrainee)	17	Total Quality	Math or VESL	100	200	$1800
	Production Technician (Retrainee)	14	Total Quality	Math & VESL	200	300	$2685

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	•Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
Puroflow Inc	Assembler (Retrainee)	15	TQM, TLC, SPC	VESL	32	192	$1880
Ross Stores, Inc	Technical Support (New Hire)	18	Computer Training	VESL	106	180	$3051
	Technical Support (Retrainee)	40	Computer Training	VESL	106	180	$1890
S and S Machine	Machine Operator (Retrainee)	22	SPC	Math	6	167	$1618
Santa Fe Rubber Products (CalSIP)	Operator, Inspector, Buffer, Insert Preparer, Lead Person (Retrainee)	54	SPC, JIT, TLC	VESL	70	210	$2047
Sierracin/Harrison	Machine Operator (Retrainee)	52	SPC	Math	20	187	$1798
Sierracin/Magnedyne	Production Workers (Retrainee)	52	SPC	Math/ VESL	36	186	$1796
Spectrum Technology, Inc	Supervisor (Retrainee)	36	TQM, SPC	Math	10	262	$1910
	Assembly Operator (Retrainee)	10	SPC, Mfg	VESL/ Math	100	360	$3960
	Assembly Operator (Retrainee)	2	SPC, Mfg	Math	48	300	$3300
	Assembly Operator (Retrainee)	1	SPC, Mfg	Math	58	310	$3410
	Inspector (Retrainee)	1	SPC, Mfg	Math	10	263	$2882
	Shipping/Receiving Clerk (Retrainee)	1	SPC	Math	10	190	$1650
	Machinist (Retrainee)	1	SPC	Math	48	188	$2068
Sterer Engineering & Mfg Company	Production Staff (Retrainee)	16	TQM	VESL	180	182	$1634

APPENDIX B-2

JOB-LINKED LITERACY TRAINING COMPLETED DURING 1991-92

14 contracts had a job-linked literacy component
634 trainees were trained in job-linked literacy skills
$796,887 was earned

A list of these contracts follows.

Literacy Training Completed in Fiscal Year 1991-92

Contractor	Occupation(s)	No. of Trainees	* Type of Training	* Type of Literacy	# of Literacy Hours	# of Total Hours	Total Cost per Trainee
Aluminum Die Casting Co.	SPC Specialist (Retrainee)	31	SPC	MATH	16	160	$1766
Center for Employment Training	Sheetmetal Worker (New Hire)	17	Sheetmetal framing	VESL, Math	138	875	$8530
	Mechanical Assembler (Retrainee)	66	Sheetmetal framing	Math	25	306	$2907
Center for Employment Training	Clerical, Maintenance, Food Service, Equipment Operator (New Hire)	62	Office Automation, Building Maintenance, Commercial Food Service, Printing and Graphics, Welding Equipment Operation	Math Reading Writing	315	840	$8,887
	Automotive Specialist, Child Care Provider, (New Hire)	63	Automotive Repair, Child Care, Microscopic Bonding	Math Reading Writing	245	780	$7,486
Carwin Vega	Engineer, Manager (Retrainee)	72	TQM, SPC	Math	16	160	$1766
Hi-Shear Technology Corp	Supervisor, Engineer, Quality Assurance, Mfg Operator (Retrainee)	30	SPC	Math	16	160	$1766
Impact (Demonstration Project)	Various Entry Level Positions (New Hire)	69	Entry Level Skills, Job Readiness, Pre-employment	Math Reading Writing	72	180	$2475
Katema Inc.	Production Staff (Retrainee)	5	TQM	VESL	50	154	$1469

Literacy Training Completed in Fiscal Year 1991-92

Contractor	Occupation(s)	No. of Trainees	• Type of Training	* Type of Literacy	# of Literacy Hours	# of Total Hours	Total Cost per Trainee
Monogram Aerospace Fasteners	Machine Operator (Retrainee)	25	SPC	VESL	120	224	$3830
Newport Corporation	Assembler (Retrainee)	29	Total Quality	VESL	210	354	$3252
PCA Aerospace, Inc.	Mfg Operator, Quality Assurance (Retrainee)	15	SPC, TQM	VESL	120	280	$3714
Schlosser Forge Co	Supervisor, Office Clerk, Quality Assurance, Operator (Retrainee)	71	SPC	Math	16	160	$1766
CMA/Sheldahl	Operator, Technician (Retrainee)	14	SPC	VESL, Math	132	232	$1250
Sierra Semiconductor Corp	Technician (Retrainee)	26	SPC	Math	30	174	$1931
Stainless Steel Products	SPC Specialist (Retrainee)	87	SPC	Math	16	160	$1766
Total Number of Projects Funded 14	# Retrainees 473 # New Hires 211 Total # Trainees 684						

Type of Training

SPC = Statistical Process Control
TQM = Total Quality Management

* Type of Literacy

VESL - Vocational English as a Second Language

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	*Type of Training	*Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
Storm Products Company	Machine Operator, Electronics Assembly (Retrainee)	14	Inventory, Fab Parts ID Inspection Test, Cable Mfg	Math	33	154	$1700
	Machine Operator, Electronics Assembly (Retrainee)	25	Inventory, Fab Parts ID Inspection Test, Cable Mfg	VESL Math	80	282	$2200
	Electronics Assembler (Retrainee)	4	JIT, Molding, Soldering	Math	33	276	$2900
	Electronics Assembler (Retrainee)	6	JIT, Molding, Soldering	VESL Math	80	324	$3500
Toro Company	Assembler (New Hire)	80	SPC	VESL	60	270	$2652
UAW-Labor Employment & Training Corp	Housekeepers (Retrainee)	20	Guest Services, Chemicals & Cleansers, Staff Relations	VESL	80	220	$4274
Valley Todeco	Machinist, Quality Control, Sr. Draftsman, Maintenance, Material Clerk (Retrainee)	51	SPC, Cellular Mfg Technology, Pilot Rail & Stamp Grinder, Cellular Grinder & Auto Track, Cellular Threader/ Grinder	VESL	120	136 - 336	$1958 - $4378

LITERACY TRAINING APPROVED IN FISCAL YEAR 1991-92

Contractor	Occupation(s)	No. of Trainees	•Type of Training	•Type of Literacy	# of Basic Hours	# of Total Hours	Total Cost per Trainee
Verilink Corp	Production Worker (Retrainee)	14	Production Techniques	VESL	68	212	$2826
Total number of Projects approved: 44	# Retrainees 1723 # New Hires 838 Total # Trainees 2561						

• Type of Training

CNC = Computer Assisted Numerical Control
JIT = Just In Time
Mfg = Manufacturing
SPC = Statistical Process Control
TLC = Teamwork, Leadership & Communication
TQM = Total Quality Management

• Type of Literacy
VESL = Vocational English as a Second Language

APPENDIX C

CONTRACTS COMPLETED DURING FISCAL YEAR 1991-92

Employment Training Panel - Completed Projects
July 1, 1991 to June 30, 1992

Contractor	* Type of Vocational Training	County	Placements		Amount Earned	Average Cost per Trainee
			New Hire	Retrainee		
A.P.I. Alarm Systems	Alarm Service/Installation Management Skills	Statewide		34	$63,600	$1000
Aerospace Rivet Manufacturers Corporation	SPC	Los Angeles		30	$52,830	$1761
Aluminum Die Casting Co, Inc.	SPC	Riverside		31	$54,746	$1766
Arrowsmith Power Systems, Inc.	SPC, TQM	Statewide		19	$33,631	$1767
Bay Area Council / VLSI Technology	SPC, TQC	Santa Clara		280	$390,340	$1402
Beta Technology, Inc.	SPC, MRP, TQM	Santa Cruz		115	$208,600	$1835
Brea Community Hospital	Accounting, Computer Technology	Orange		263	$658,289	$2495
C-Lect Machine Products, Inc.	SPC	Placer		9	$12,177	$1353
Cal Corn, Inc.	TQM	Orange		28	$32,872	$1174
California Mfg Assoc / Great Western III	Customer Service	Los Angeles		150	$240,600	$1604
California Mfg Assoc / Sheldahl	SPC, TQM	Orange		23	$28,750	$1250
California Mfg Assoc / Varian II	TQM, SPC, JIT	Santa Clara		805	$1,250,332	$1530
Career Planning Center, Inc.	Accounting, Lotus	Los Angeles	58		$232,000	$4000
Center for Employment and Training	Sheetmetal Welding, Machine Operator	Santa Clara	20	68	$385,371	$4938
Center for Employment and Training (IRCA)	Auto Repair, Electrical, Groundskeeping, Painter/Paper Hanger	Statewide	125		$825,000	$7990

Employment Training Panel - Completed Projects
July 1, 1991 to June 30, 1992

Contractor	* Type of Vocational Training	County	Placements		Amount Earned	Average Cost per Trainee
			New Hire	Retrainee		
Certified Grocers of California	MRP, Office Automation, Management Skills, Customer Service	Statewide		1195	$2,677,995	$2241
Cerwin Vega	SPC, TQM	Ventura		72	$127,152	$1766
City of Sunnyvale	Clerical Skills, Manufacturing	Santa Clara	105		$329,500	$3191
Coast Federal Bank	Customer Service	Statewide		552	$805,840	$1448
Comprehensive Training Systems	Aircraft Assembly/Electrical	San Diego	145		$602,565	$4120
Davila International Circuits, Inc.	SPC	Santa Clara		18	$18,810	$1045
Dickson Testing Co. Inc.	SPC	Los Angeles		25	$39,800	$1592
Dootson Enterprises, Inc.	Truck Driving	Los Angeles	115		$414,000	$3600
East San Gabriel Valley ROP	CNA, CAD/CAM, Electronics	Los Angeles	3	79	$156,400	$1873
Foote Axle & Forge Company, Inc.	SPC	Los Angeles		15	$20,295	$1353
G & H Technology, Inc.	MRP, SPC	Los Angeles		181	$345,625	$1968
Gavilan College	Auto Repair	Santa Clara		32	$60,256	$1928
General Mobile Electronics	Customer Service	Los Angeles		36	$38,030	$1054
Glendale Community College	Office Automation	Los Angeles	236	1200	$2,907,000	$1971
Graphic Arts Institute of Northern California	Desktop Publishing, Electronic Prepress	San Francisco		24	$34,344	$1431
Great American Bank	Customer Service	San Diego		904	$1,681,400	$1768

Employment Training Panel - Completed Projects
July 1, 1991 to June 30, 1992

Contractor	* Type of Vocational Training	County	Placements		Amount Earned	Average Cost per Trainee
			New Hire	Retrainee		
Hanna, Brophy, MacLean, McAleer & Jensen	Office Automation	Statewide		117	$304,200	$2600
Harris Farms, Inc.	Meat Processing, Sales, Delivery	San Joaquin	71	468	$1,920,752	$3666
Hi-Shear Technology Corporation	SPC	Los Angeles		30	$52,980	$1766
Hoffman Brothers' Packing Company, Inc.	Meat Processing, Delivery, Maintenance	Los Angeles	11	181	$581,900	$3054
Hospital and Institutional Workers, JATC	Preventive Maintenance, Computer Training	San Francisco		440	$776,600	$1765
ILC Corporation	JIT, TQM, SPC	Santa Clara	1	169	$233,400	$1387
Immigration Clinic	Software Computer Training, Accounting, Legal Training	Los Angeles		10	$31,000	$3269
Interstate Brands Corporation	Computer Automation	Statewide		338	$249,106	$737
Katema, Inc.	SPC, TQM	San Diego		339	$419,559	$1,244
Kar Electronics, Inc.	CAD/CAM	Placer		6	$9,735	$1675
LA NTMA Training Center	CNC	Los Angeles	149	40	$834,100	$4472
Military Department - IMPACT (Demonstration Project)	Entry Level Skills, Pre-employment readiness	Statewide	69		$176,775	$2511
Millers Outpost	Management Skills, Team Concept	Statewide		313	$156,500	500.
Monogram Aerospace	SPC	Los Angeles		154	$238,422	$1528
Newport Corporation	TQM, Team Concept	Orange		303	$647,271	$2096

Employment Training Panel - Completed Projects
July 1, 1991 to June 30, 1992

Contractor	* Type of Vocational Training	County	Placements		Amount Earned	Average Cost per Trainee
			New Hire	Retrainee		
Office Club	Team Concept, Product Knowledge, Sales	Concord		191	$315,990	$1652
Pasadena Federal Credit Union	Management Skills	Los Angeles		16	$16,208	$1013
PCA Aerospace, Inc.	SPC, TQM	Los Angeles		24	$71,404	$2934
Petrini's Meats, Inc.	Management Skills, Customer Service, Meat/Produce Preparation and Display	San Francisco		287	$280,583	$970
Prescolite, Inc.	MRP, CADD	Alameda		120	$263,271	$2142
Ruiz Food Products, Inc.	Computer Training	Tulare		347	$1,051,142	$3398
San Diego Community College District Foundation	Office Automation	San Diego	59	575	$1,188,400	$1916
San Diego PIC/RETC	Welding, Pipefitting, Electrical	San Diego	269		$976,400	$3637
San Diego Regional Occupational Program	Office Automation, Machine Operations	San Diego	32		$86,700	$2724
Schlosser Forge Company	SPC	San Bernardino		71	$125,386	$1766
SER/ELA Jobs for Progress	Asbestos Removal	Contra Costa	3	34	$88,800	$2400
Shamrock Meats / Nippon Foods, Inc.	Meat Processing, Delivery, Sales, Maintenance	Los Angeles	20	217	$725,000	$3077
Sierra Semiconductor Corp.	SPC	Contra Costa		170	$317,256	$1876

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APPENDIX D

Tables I-A & I-B

TABLE I-A[3]

EARNINGS A YEAR BEFORE COMPARED TO A YEAR AFTER TRAINING

	Pre-Training Earnings	Post-Training Earnings	Change in Earnings	% Change
UNADJUSTED:				
Retrainees				
Completers	$24,641	$28,538	+$3,897	+15.8%
Dropouts	24,263	24,623	+360	+1.5%
New Hires				
Completers	11,095	19,358	+8,263	+74.5%
Dropouts	11,483	10,218	-1,265	-11.0%
ADJUSTED:				
Retrainees				
Completers	26,706	28,321	1,615	+6.0%
Dropouts	26,369	24,223	-2,146	-8.1%
New Hires				
Completers	12,057	19,456	+7,399	+61.4%
Dropouts	12,442	10,153	-2,289	-18.4%

The gains in earnings shown under Adjusted earnings represent increases in earnings beyond inflation. This is particularly remarkable given that in California average wages were actually **falling during this period.** To account for the impact of inflation, the earnings for all participants were adjusted for inflation into 1990 dollars using the Consumer Price Index for California (CPI) and then recalculated for an average change in earnings.

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[3] Does ETP Work?, Rick Moore, Ph.D. and Daniel Blake, Ph.D., June 23, 1992.

TABLE I-B[4]

COMPARISON OF UNEMPLOYMENT PAYMENTS AND CLAIMS

	Average UI Claims before Training	Average UI Claims after Training	Change in UI Claims
Retrainees			
Completers	.32	.77	+ .45
Dropouts	.60	1.73	+1.13
New Hires			
Completers	9.79	2.34	-7.44
Dropouts	9.28	7.65	-1.62

	Average UI Payments before Training	Average UI Payments after Training	Change in UI Payments
Retrainees			
Completers	$40.58	$117.86	+ 77.28
Dropouts	77.66	265.61	+187.95
New Hires			
Completers	1,236.78	310.65	-926.13
Dropouts	1,121.71	982.55	-139.16

For **new hires**, the data indicates that both dropouts and completers **received some benefit from training**. Both dropouts and completers experienced nine to ten weeks of unemployment before training. After training, unemployment declined for both groups.

For **retrainees**, both completers and dropouts experienced a slight increase in unemployment, although, as expected, the increase was almost **three times as large for dropouts**. The increase in unemployment after training is probably due to the overall increase in unemployment throughout the state and nation during the period studied.

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[4] Ibid

Employment Training Panel - Completed Projects
July 1, 1991 to June 30, 1992

Contractor	* Type of Vocational Training	County	Placements		Amount Earned	Average Cost per Trainee
			New Hire	Retrainee		
Sizzler Restaurants International, Inc.	Customer Service, Management Skills	Statewide	3	176	$406,300	$3000
Solid State Communications, Inc.	Office Automation	Los Angeles		18	$69,000	$3961
Stainless Steel Products, Inc.	SPC	Los Angeles		87	$153,642	$1766
State Department of Education	Office Automation, Machine Operation, Cable Installation, Phone Installation/Repair	Los Angeles	43		$121,884	$2977
Statewide Electrical JATC	Electrical	Statewide		1728	$3,970,653	$2533
Summit Bank	Customer Service, Office Automation	Alameda		19	$40,673	$2330
Sutter Health	CNA, Nurses Aide	Sacramento	9		$10,071	$1119
The Dexter Corporation	TQM, MRP, SPC	Los Angeles		152	$279,400	$1865
Tidelands Oil Production Company	Office Automation	Los Angeles		36	$38,160	$1060
UAW - LETC	Hospitality, Cooking, Housekeeping	San Francisco	53	143	$634,860	$3284
United Technologies Chemical Systems Division	CAD/CAM, MRP	Santa Clara		90	$240,520	$2342
USA Federal Credit Union	Customer Service, Management Skills	Los Angeles		96	$117,829	$1227
Weber Aircraft	Leadership	Orange		70	$121,800	$1740

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Employment Training Panel - Completed Projects
July 1, 1991 to June 30, 1992

Contractor	* Type of Vocational Training	County	Placements		Amount Earned	Average Cost per Trainee
			New Hire	Retrainee		
Western Federal Savings & Loan Assoc	Office Automation, Customer Service, Management Skills	Statewide		286	$618,000	$2131
Western Contractors Training Trust	Pipewelding	Los Angeles	26	81	$361,784	$3435
Western Electrical Contractors Association	Material Handler	Sacramento	7		$8,792	$1256
Westinghouse Electric Corp - Marine Division	SPC, MRP	Santa Clara		363	$792,553	$2125
		TOTALS:	1,632	14,573	$35,106,811	$2240

* Type of Vocational Training

CADD = Computer Assisted Drafting and Design
CAD/CAM = CAD and Computer Assisted Manufacturing
CNA = Certified Nursing Assistant
CNC = Computer Assisted Numerical Control
JIT = Just - In - Time
MRP = Manufacturing Resource Planning
SPC = Statistical Process Control
TQM = Total Quality Management
VAMMS = Value Added Manufacturing Management Systems